



COUNCIL CHAMBERS

17555 PEAK AVENUE MORGAN HILL CALIFORNIA 95037

REDEVELOPMENT AGENCY

Dennis Kennedy, Chairperson
Steve Tate, Vice-Chairperson
Larry Carr, Agency Member
Mark Grzan, Agency Member
Greg Sellers, Agency Member

COUNCIL MEMBERS

Dennis Kennedy, Mayor
Steve Tate, Mayor Pro Tempore
Larry Carr, Council Member
Mark Grzan, Council Member
Greg Sellers, Council Member

WEDNESDAY, MAY 25, 2005

AGENDA

JOINT MEETING

REDEVELOPMENT AGENCY REGULAR AND SPECIAL MEETING

and

CITY COUNCIL SPECIAL MEETING

6:00 P.M.

A Special Redevelopment Agency and Special City Council Meeting Is Called at 6:00 P.M. for the Purpose of Conducting Closed Sessions and City Business.

Steve Tate, Vice Chair/Mayor Pro Tempore

CALL TO ORDER

(Vice Chairperson/Mayor Pro Tempore Tate)

ROLL CALL ATTENDANCE

(Deputy Agency Secretary/Deputy City Clerk Malone)

DECLARATION OF POSTING OF AGENDA

Per Government Code 54954.2

(Deputy Agency Secretary/Deputy City Clerk Malone)

6:00

Redevelopment Agency Action and City Council Action

CLOSED SESSION:

1.

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Authority: Government Code Sections 54956.9(b) & (c)
Number of Potential Cases: 2

2.

CONFERENCE WITH LABOR NEGOTIATOR:

Authority: Government Code Section 54957.6
Agency Negotiators: City Manager; Human Resources Director

Employee Organization: AFSCME Local 101
Morgan Hill Community Service Officers Association

3.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:

Authority: Pursuant to Government Code 54956.9(a)
Case Name: City of Morgan Hill v. Howard Vierra
Case Number: Santa Clara County Superior Court, Case No. 1-04-CV-026723

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

RECONVENE

CLOSED SESSION ANNOUNCEMENT

7:00 P.M.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

PROCLAMATIONS

Stroke Awareness and Prevention
Clara Roa, Program Director - Peninsula Stroke Association

RECOGNITIONS

Government Finance Officers Association Distinguished Budget Presentation Award
Presented to the City of Morgan Hill
Mayor Pro Tempore Tate

CITY COUNCIL SUBCOMMITTEE REPORTS

OTHER REPORTS

PUBLIC COMMENT

NOW IS THE TIME FOR COMMENTS FROM THE PUBLIC REGARDING ITEMS NOT ON THIS AGENDA.

(See notice attached to the end of this agenda.)

**PUBLIC COMMENTS ON ITEMS APPEARING ON THIS AGENDA WILL BE TAKEN AT THE TIME
THE ITEM IS ADDRESSED BY THE COUNCIL. PLEASE COMPLETE A SPEAKER CARD AND
PRESENT IT TO THE CITY CLERK.**

(See notice attached to the end of this agenda.)

**PLEASE SUBMIT WRITTEN CORRESPONDENCE TO THE CITY CLERK/AGENCY SECRETARY. THE
CITY CLERK/AGENCY SECRETARY WILL FORWARD CORRESPONDENCE TO THE CITY
COUNCIL/REDEVELOPMENT AGENCY.**

Redevelopment Agency Action

CONSENT CALENDAR:

ITEM 1 The Consent Calendar may be acted upon with one motion, a second and the vote, by each respective Agency. The Consent Calendar items are of a routine or generally uncontested nature and may be acted upon with one motion. Pursuant to Section 5.1 of the City Council Rules of Conduct, any member of the Council or public may request to have an item pulled from the Consent Calendar to be acted upon individually.

Time Estimate

Page

Consent Calendar: 1 - 10 Minutes

1. [APRIL 2005 REDEVELOPMENT AGENCY FINANCE & INVESTMENT REPORT](#)5
 Recommended Action(s): Accept and File Report.

City Council Action

CONSENT CALENDAR:

ITEMS 2-5

Time Estimate

Page

Consent Calendar: 1 - 10 Minutes

2. [APRIL 2005 CITY OF MORGAN HILL FINANCE & INVESTMENT REPORT](#)14
 Recommended Action(s): Accept and File Report.
3. [ACCEPTANCE OF THE DUNNE AVENUE/HIGHWAY 101 INTERCHANGE IMPROVEMENT PROJECT LANDSCAPING](#)38
 Recommended Action(s):
 1. **Accept** as Complete the Landscaping for the Dunne Avenue/Highway 101 Interchange Improvement Project, Including the Three-Year Landscape Maintenance Period; and
 2. **Direct** the City Clerk to File the Notice of Completion with the County Recorder's Office.

	Time Estimate	Page
	Consent Calendar: 1 - 10 Minutes	
4.	<u>TURF REPLACEMENT REBATE PROGRAM</u>	40
	<u>Recommended Action(s):</u> <u>Authorize</u> the City Manager to Execute the Memorandum of Understanding (MOU) with the Santa Clara Valley Water District, Subject to Review and Approval by the City Attorney.	
5.	<u>VECTOR CONTROL DISTRICT BALLOTING</u>	46
	<u>Recommended Action(s):</u> <u>Authorize</u> the City Manager to Vote “Yes” on the Vector Control District Mail-In Ballot.	

Redevelopment Agency and City Council Action

CONSENT CALENDAR:

ITEMS

	Time Estimate	Page
	Consent Calendar: 1 - 10 Minutes	
6.	<u>APPROVE MINUTES OF SPECIAL AND REGULAR CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING OF MAY 18, 2005</u>	47

City Council Action

OTHER BUSINESS:

	Time Estimate	Page
7.	45 Minutes	
	<u>OUTDOOR SPORTS COMPLEX PRIVATE-PUBLIC PARTNERSHIP PROPOSAL</u>	57
	<u>Recommended Action(s):</u>	
	1. <u>Direct</u> City Manager and the Parks and Recreation Commission to Continue to Explore a Full Range of Options for Operations of the Outdoor Sports Complex;	
	2. <u>Decline</u> to enter into an Exclusive Right to Negotiate with any Potential Private Partners at this time;	
	3. <u>Direct</u> Staff to Contact California Youth Soccer Association (CYSA) to Extend their Lease Options at the Soccer Site until June 2006; and	
	4. <u>Provide</u> Direction to Staff on the Schematic Design of Phase One of the Outdoor Sports Complex.	

FUTURE COUNCIL-INITIATED AGENDA ITEMS:

Note: in accordance with Government Code Section 54954.2(a), there shall be no discussion, debate and/or action taken on any request other than providing direction to staff to place the matter of business on a future agenda.

ADJOURNMENT



REDEVELOPMENT AGENCY
STAFF REPORT

MEETING DATE: *May 25, 2005*

APRIL 2005 FINANCE & INVESTMENT REPORT

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY: Attached is the monthly Finance and Investment Report of the Redevelopment Agency of the City of Morgan Hill for the month of April 2005. The report covers activity for the ten months of the 2004/2005 fiscal year. A summary of the report is included on the first page for the Board's benefit.

The Redevelopment Agency monthly Finance and Investment Report is presented to the Agency Board and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity of the Redevelopment Agency.

FISCAL IMPACT: As presented.

Agenda Item #1

Prepared By:

Finance Director

Submitted By:

Executive director

**REDEVELOPMENT AGENCY OF
THE CITY OF MORGAN HILL**

Monthly Financial and Investment Reports

April 30, 2005 – 83% Year Complete



**CITY OF MORGAN HILL
REDEVELOPMENT AGENCY**

Prepared by:

FINANCE DEPARTMENT



REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2004/05
FOR THE MONTH OF APRIL 2005 - 83% OF YEAR COMPLETE

Revenues

Through April 30, the Redevelopment Agency received \$18,281,579, or 83% of the budget, in property tax increment revenues. The Redevelopment Agency, as of April 30, 2005, has collected \$100,000,000 in tax increment revenue under the original plan and has collected \$100,078,256, net of pass-through obligations to other agencies, toward the plan amendment cap of \$147,000,000. All tax increment revenues collected during 2004/2005 were collected under the plan amendment.

An amount of \$698,680 in interest earnings and other income was received through April 30. Additional interest earnings for April have not yet been apportioned, but will be apportioned in June 2005 following the quarter ended June 30.

Expenditures

Total Redevelopment Agency Capital Projects expenditures and encumbrances equaled \$8,929,269 and were 40% of budget. Of this total, \$2,491,082 represented encumbrances for capital projects and other commitments. If the encumbrances were excluded, the RDA would have spent only 29% of the budget. Expenditures for administrative costs for employee services, supplies, and contract services were 89% of budget. In April, the Agency paid the County of Santa Clara \$294,000 in annual property tax administration fees required under State law. Through March 2005, CIP project expenditures totaled \$3,362,668, including \$318,212 for Tennant Avenue Widening, \$983,496 for the Indoor Recreation Center, \$577,095 for the Aquatics Center, and \$555,821 for 2003/04 Street Resurfacing.

Expenditures plus encumbrances for Housing were at 45% of the budget for a total of \$2,612,639.

All of the 2004/05 Capital Projects and Housing expenditures have been funded with tax increment collected under the plan amendment.

Fund Balance

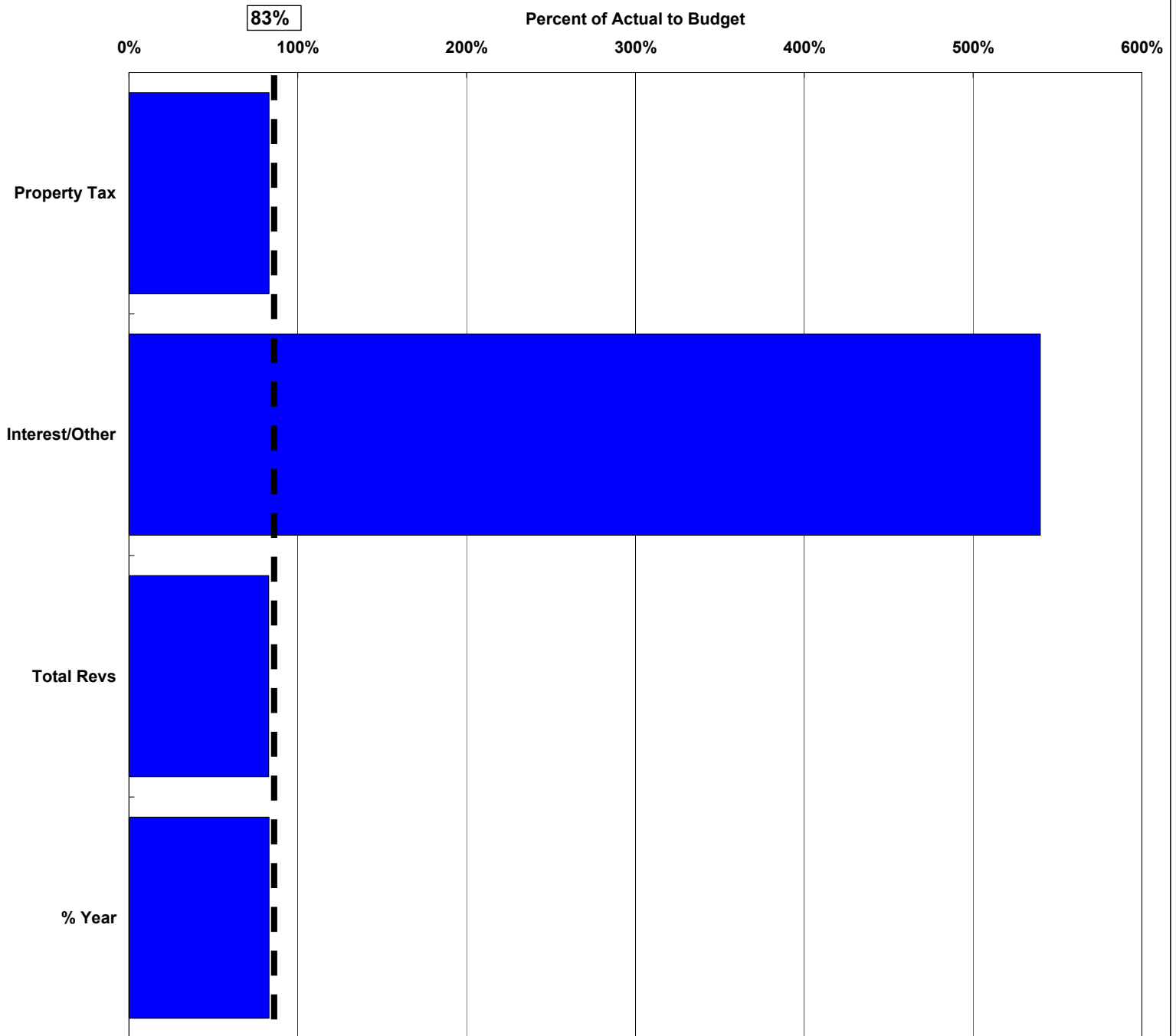
The unreserved fund balance of \$9,575,718 for the Capital Projects Fund at April 30, 2005, consisted entirely of monies collected under the plan amendment. The unreserved fund balance included future obligations to pay an additional \$1.75 million for the Courthouse Facility and \$1.61 million for the Lomanto property should the Agency agree to execute its option to purchase in accordance with the agreement. If all these future commitments were subtracted from the \$9,575,718, the remaining unreserved fund balance at April 30 would be \$6,215,718. However, these commitments are expected to be paid out over the next several years. Property tax increment receipts in the near future will provide the resources necessary to carry the Agency through the remainder of this fiscal year. The Capital Projects Fund cash balance at April 30 was \$12,786,011.

The unreserved fund balance of \$8,177,177 for the Housing Fund at April 30 consisted of funds all collected under the plan amendment.



Redevelopment Agency YTD Revenues

April 30, 2005

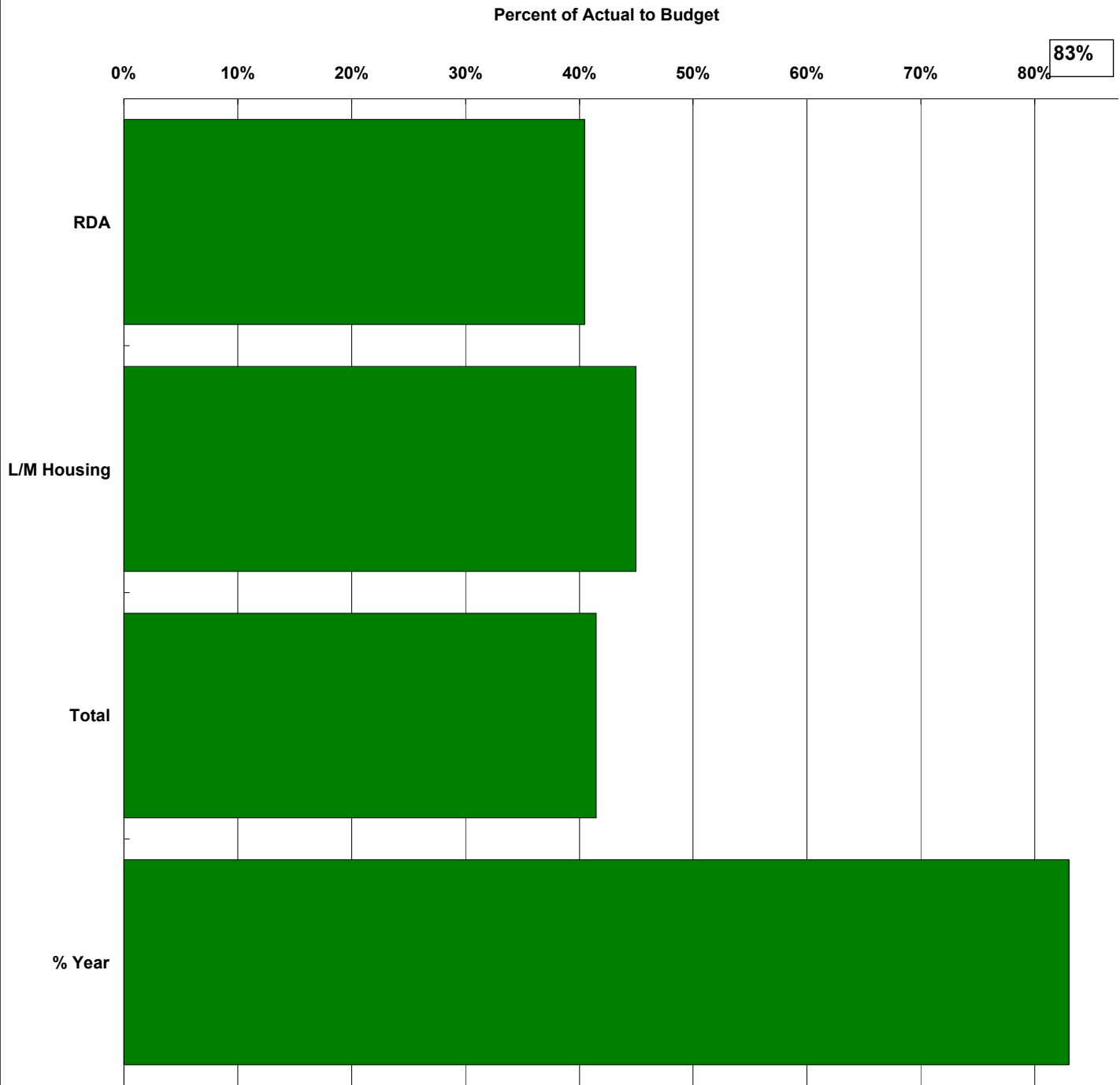


REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
PROPERTY TAXES	\$22,017,627	\$18,281,579	83%	\$16,460,227	11%
INTEREST INCOME/RENTS/OTHER	\$129,408	\$698,680	540%	\$2,220,852	-69%
TOTALS	\$22,926,011	\$18,980,259	83%	\$18,681,079	2%



Redevelopment Agency YTD Expenditures

April 30, 2005



Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
CAPITAL PROJECTS	\$22,066,158	\$8,929,269	40%
HOUSING	6,589,093	2,963,356	45%
TOTALS	\$28,655,251	\$11,892,625	42%



Redevelopment Agency
 Fund Balance Report - Fiscal Year 2004/05
 For the Month of April 2005
 83% of Year Complete

Fund No.	Fund	Unaudited Fund Balance 06-30-04	Revenues		Expenditures		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved	Unrestricted	Restricted
317	CAPITAL PROJECTS	\$3,864,214	14,711,822	81%	6,438,187	29%	8,273,635	2,562,131	9,575,718	\$12,786,011	
327/328	HOUSING	\$6,872,096	4,268,437	88%	2,853,884	43%	1,414,553	109,472	\$8,177,177	\$8,544,912	
TOTAL CAPITAL PROJECT FUNDS		\$10,736,310	18,980,259	83%	9,292,071	32%	9,688,188	2,671,603	17,752,895	21,330,923	
SUMMARY BY FUND TYPE											
	CAPITAL PROJECTS GROUP	\$10,736,310	18,980,259	83%	9,292,071	32%	9,688,188	2,671,603	17,752,895	21,330,923	
TOTAL ALL GROUPS		\$10,736,310	18,980,259	83%	9,292,071	32%	9,688,188	2,671,603	17,752,895	21,330,923	
TOTAL CASH AND INVESTMENTS										21,330,923	

¹ Amount reserved for encumbrances, fixed asset replacement, long-term receivables



Redevelopment Agency
Year to Date Revenues - Fiscal Year 2004/05
For the Month of April 2005
83% of Year Complete

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGETED	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCREASE (DECREASE) FROM PRIOR YTD	% CHANGE
CAPITAL PROJECTS FUNDS							
317 CAPITAL PROJECTS							
Property Taxes & Supplemental Roll	17,048,868	17,280,277	14,208,727	82%	12,632,072	1,576,655	12%
Development Agreements			-	n/a	-	-	n/a
Interest Income, Rents	17,031	17,031	162,781	956%	193,739	(30,958)	-16%
Other Agencies/Current Charges	-	778,976	340,314	n/a	758,572	(418,258)	-55%
TOTAL CAPITAL PROJECTS	17,065,899	18,076,284	14,711,822	81%	13,584,383	1,127,439	8%
327/328 HOUSING							
Property Taxes & Supplemental Roll	4,737,350	4,737,350	4,072,852	86%	3,828,155	244,697	6%
Interest Income, Rent	112,277	112,277	193,954	173%	508,343	(314,389)	-62%
Other	100	100	1,631	1631%	760,198	(758,567)	-100%
TOTAL HOUSING	4,849,727	4,849,727	4,268,437	88%	5,096,696	(828,259)	-16%
TOTAL CAPITAL PROJECTS FUNDS	21,915,626	22,926,011	18,980,259	83%	18,681,079	299,180	2%



Redevelopment Agency
Year to Date Expenditures - Fiscal Year 2004/05
For the Month of April 2005
83% of Year Complete

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENDITURES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENDITURES	OUTSTANDING ENCUMBRANCES	TOTAL ALLOCATED	% OF TOTAL TO BUDGET
317 CAPITAL PROJECTS								
	BAHS Administration	431,219	1,545,675	1,596,269	1,352,961	72,737	1,425,698	89%
	BAHS Economic Development	113,740	3,125,435	4,306,439	1,722,558	161,538	1,884,096	44%
	BAHS CIP	192,990	8,782,152	16,163,450	3,362,668	2,256,807	5,619,475	35%
	TOTAL CAPITAL PROJECTS	737,949	13,453,262	22,066,158	6,438,187	2,491,082	8,929,269	40%
327 AND 328 HOUSING								
	Housing	303,576	5,824,189	6,589,093	2,853,884	109,472	2,963,356	45%
	TOTAL HOUSING	303,576	5,824,189	6,589,093	2,853,884	109,472	2,963,356	45%
	TOTAL CAPITAL PROJECT FUND	1,041,525	19,277,451	28,655,251	9,292,071	2,600,554	11,892,625	42%



Redevelopment Agency of the City of Morgan Hill
Balance Sheet Report - Fiscal Year 2004/05
For the Month of April 2005
83% of Year Complete

	CAPITAL PROJECTS (Fund 317)	Housing (Fund 327/328)
ASSETS		
Cash and investments:		
Unrestricted	12,786,011	8,544,912
Accounts Receivable	28,992	32,959
Loans Receivable ¹	3,597,338	28,258,875
Advance to Other Funds		
Fixed Assets ²	71,049	
Other Assets		
Total Assets	16,483,390	36,836,746
LIABILITIES		
Accounts Payable and Accrued Liabilities	719,822	19,973
Deferred Revenue ³	3,625,719	28,530,124
Accrued Vacation and Comp Time		
Total liabilities	4,345,541	28,550,097
FUND BALANCE		
Fund Balance		
Reserved for:		
Encumbrances	2,491,082	109,472
Advance to Other Funds		
Properties Held for Resale	71,049	
Loans and Notes Receivable		
Total Reserved Fund balance	2,562,131	109,472
Unreserved Fund Balance	9,575,718	8,177,177
Total Fund Balance	12,137,849	8,286,649
Total Liabilities and Fund Balance	16,483,390	36,836,746

¹ Includes Housing Rehab loans and loans for several housing and Agency projects.

² Includes RDA properties held for resale.

³ Includes the deferred payment portion of the loans noted above.



CITY COUNCIL STAFF REPORT

MEETING DATE: May 25, 2005

APRIL 2005 FINANCE & INVESTMENT REPORT

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY:

Attached is the monthly Finance and Investment Report for the period ended April 30, 2005. The report covers the first ten months of activity for the 2004/2005 fiscal year. A summary of the report is included on the first page for the City Council's benefit.

The monthly Finance and Investment Report is presented to the City Council and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity in the City, including the Redevelopment Agency. The Redevelopment Agency receives a separate report for the fiscal activity of the Agency at the meeting of the Agency. Presenting this report is consistent with the goal of *Maintaining and Enhancing the Financial Viability of the City*.

FISCAL IMPACT: as presented

Agenda Item #2

Prepared By:

Finance Director

Submitted By:

City Manager

CITY OF MORGAN HILL
Monthly Financial and Investment Reports
April 30, 2005 – 83% Year Complete



CITY OF MORGAN HILL

Prepared by:
FINANCE DEPARTMENT



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2004/05
FOR THE MONTH OF APRIL 2005 - 83% OF YEAR COMPLETE

This analysis of the status of the City's financial situation reflects 83% of the year.

- * **General Fund** - The *revenues* received in the General Fund were approximately 81% of the budgeted revenues. A total of 108% of budgeted Property Related Taxes have been received by the City, which is 39% more than the amount received in the prior year as of this date. This higher amount reflects property tax revenues received as a replacement for most of the Motor Vehicle-in-Lieu fees lost because of State funding changes. Motor Vehicle-in-Lieu revenues were \$192,973. The amount of Motor Vehicle-in-Lieu fees dropped significantly in this fiscal year, consistent with these changes. On a combined basis, Property Related Taxes and Motor Vehicle-in-Lieu fees have brought in 80% of the budget and 99% of the revenue generated in the prior year. The amount of Sales Tax collected was 86% of the sales tax revenue budget and 13% more than the amount received for the prior year. The timing of Sales Tax receipts has been impacted, as of September 2004, because the State, under the triple flip legislation, began to send the City at that time only $\frac{3}{4}$ of the 1% in sales taxes that the City is entitled to. Installments estimated to equal the remaining $\frac{1}{4}$ of sales taxes, for the period September 2004 through June 2005, are scheduled to be distributed by Santa Clara County for the 2004/05 fiscal year in January and May 2005. The January installment was received and is included in the sales tax revenues. Franchise fees were 88% of the budgeted amount, or 2% more than the prior year. Business license and other permit collections were 98% of the budgeted amount. Interest & Other Revenue were 97% of budget and do not reflect April interest earnings that will be posted in June 2005 as part of earnings for the quarter ending June 30.
- * The General Fund *expenditures* and *encumbrances* to date totaled 84% of the budgeted appropriations. If the \$534,008 in encumbrances were excluded, 81% of the budget would have been expended. Higher costs for the City Attorney are related to unanticipated legal expenditures.
- * **Transient Occupancy (Hotel) Tax** - The TOT rate is 10%. The City receives transient occupancy taxes on a quarterly basis. Taxes for the first three quarters, through March 31, amounted to \$696,414, or 4% more than the amount received by the City in the prior year for the same period. Taxes for the fourth quarter ending June 30 are not due until late July and have therefore not yet been collected.
- * **Community Development** - Revenues were 121% of budget, which was 43% more than the amount collected in the like period for the prior year. Compared to the prior year, planning and engineering fees this year were higher and building fees were about the same. Planning expenditures plus encumbrances were 84% of budget; Building has expended or encumbered 77% of budget and Engineering 75%. Community Development has expended or encumbered a combined total of 79% of the 2004/05 budget, including \$243,166 in encumbrances. If encumbrances were excluded, Community Development would have spent only 72% of the combined budget.
- * **RDA and Housing** - An amount of \$18,281,579, or 83% of the budget, in property tax increment revenues has been received as of April 30, 2005. Expenditures plus encumbrances totaled 42% of budget. If encumbrances totaling \$2,600,554 were excluded, the RDA would have spent 32% of the combined budget.



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2004/05
FOR THE MONTH OF APRIL 2005 - 83% OF YEAR COMPLETE

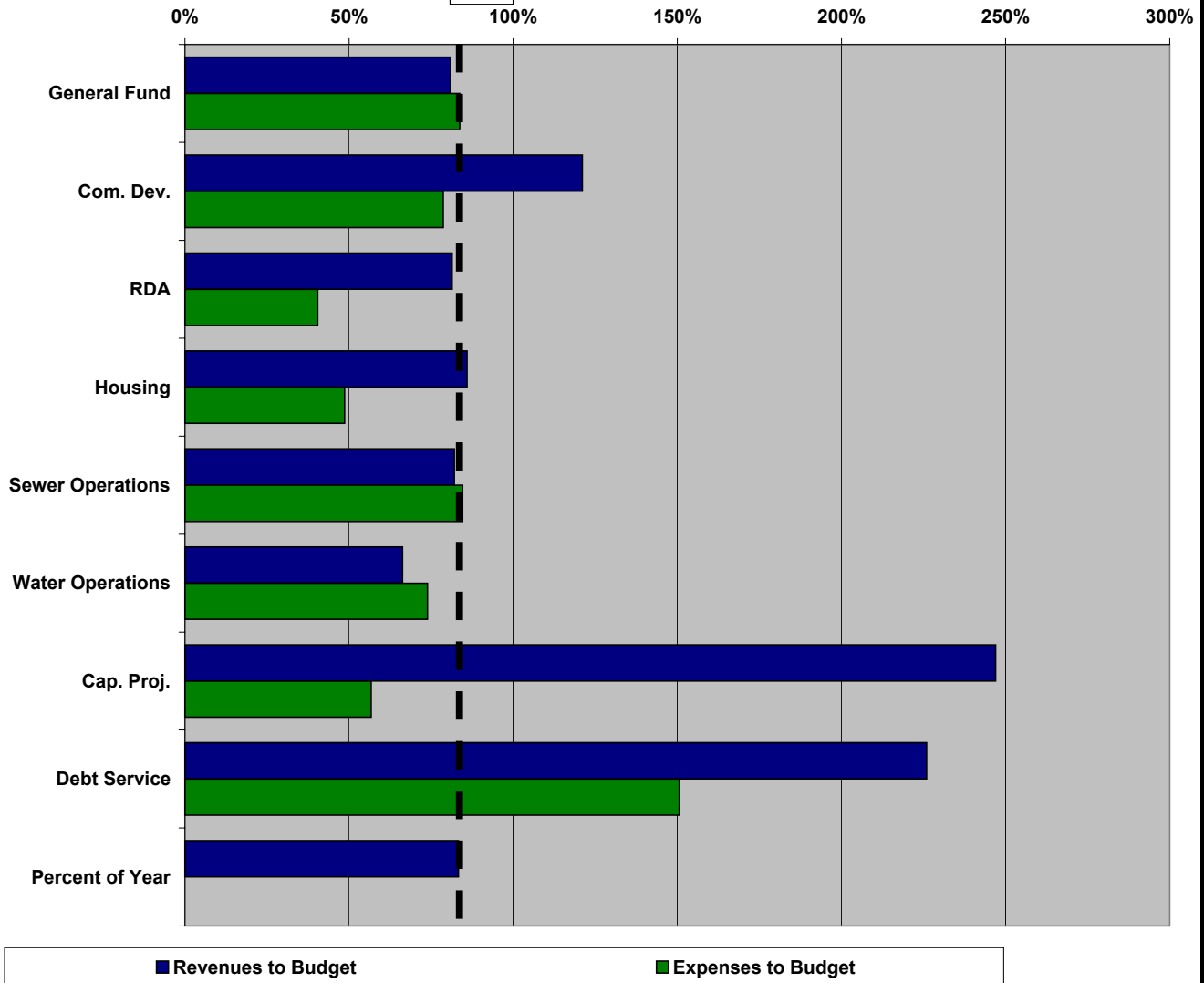
- * **Water and Sewer Operations-** Water Operations revenues, including service fees, were 66% of budget. Water sales revenue was down 3% from the prior year as the result of less water sales over the last several months as compared to the prior year. Expenditures totaled 74% of appropriations. Sewer Operations revenues, including service fees, were 82% of budget. Expenditures for sewer operations were 85% of budget. This higher percentage resulted from large debt service payments on debt service made in July and January.
- * **Investments maturing/called/sold during this period.** – During the month of April, no new investments or calls related to Federal Agencies occurred. Further details of all City investments are contained on pages 6-8 of this report.



Morgan Hill YTD Revenue & Expense Summary

April 30, 2005 – 83% Year Complete

83%



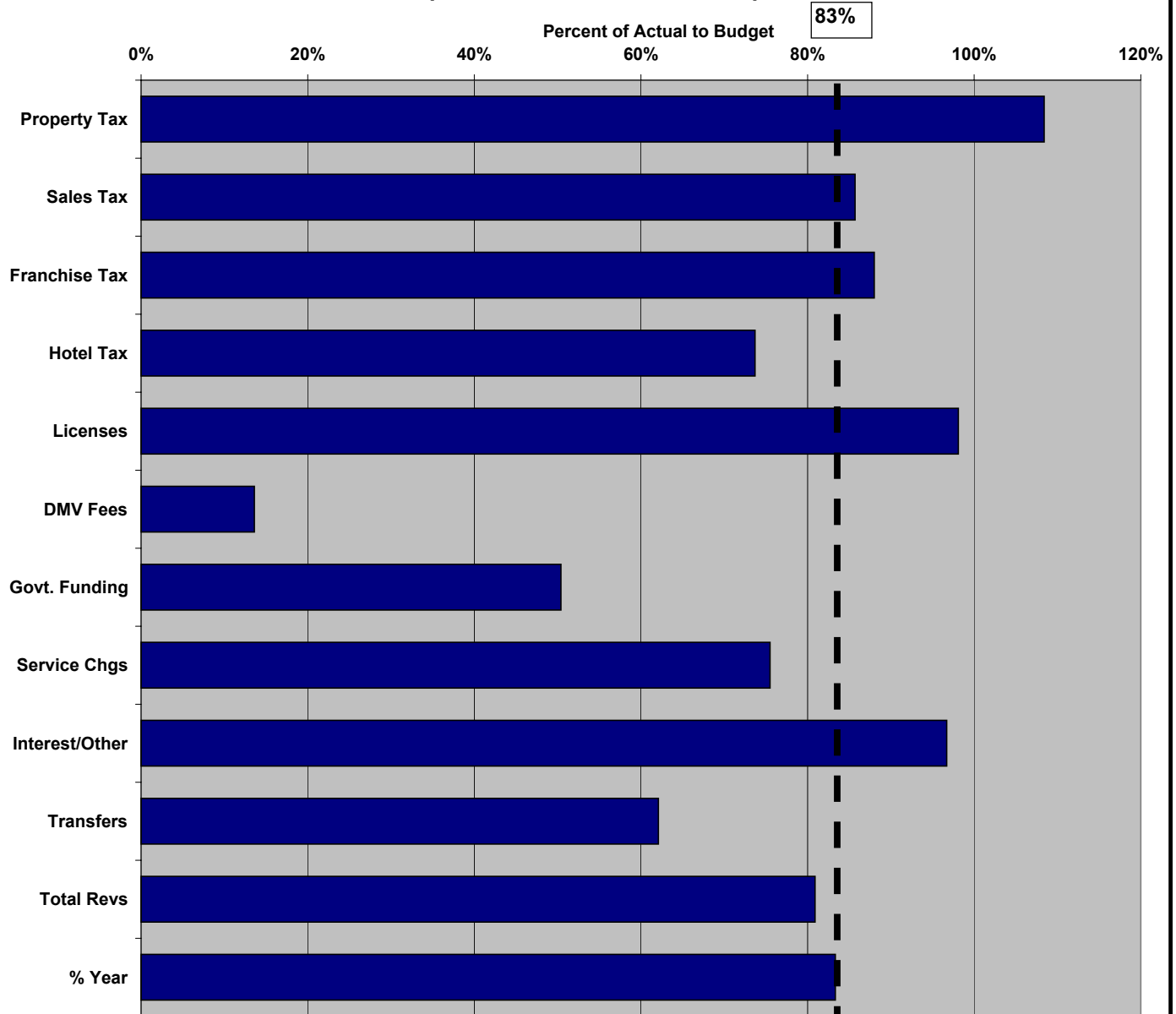
FUND NAME	REVENUES		EXPENSES		4/30/2005 UNRESTRICTED FUND BALANCE
	ACTUAL	% OF BUDGET	ACTUAL plus ENCUMBRANCES	% OF BUDGET	
General Fund	\$13,821,644	81%	\$16,305,353	84%	\$8,414,661
Community Development	3,314,001	121%	2,686,539	79%	2,109,867
RDA	14,711,822	81%	8,929,269	40%	9,575,718
Housing/CDBG	4,318,536	86%	3,148,823	49%	7,684,710
Sewer Operations	4,619,806	82%	5,522,550	85%	2,550,279
Sewer Other	2,020,432	154%	1,817,605	33%	12,597,893
Water Operations	5,738,138	66%	6,004,306	74%	2,993,077
Water Other	8,281,021	133%	4,891,479	20%	688,706
Other Special Revenues ¹	1,018,641	121%	1,079,183	47%	3,532,193
Capital Projects & Streets Funds	12,976,290	247%	11,310,162	57%	25,215,411
Debt Service Funds	728,984	226%	352,040	151%	776,004
Internal Service	4,141,813	79%	3,972,789	80%	5,141,215
Agency	2,356,341	92%	3,275,132	133%	2,980,975
TOTAL FOR ALL FUNDS	\$78,047,469	99%	\$69,295,230	63%	\$84,260,709

¹ Includes all Special Revenue Funds except Community Development, CDBG, and Street Funds



Morgan Hill YTD General Fund Revenues

April 30, 2005 – 83% Year Complete

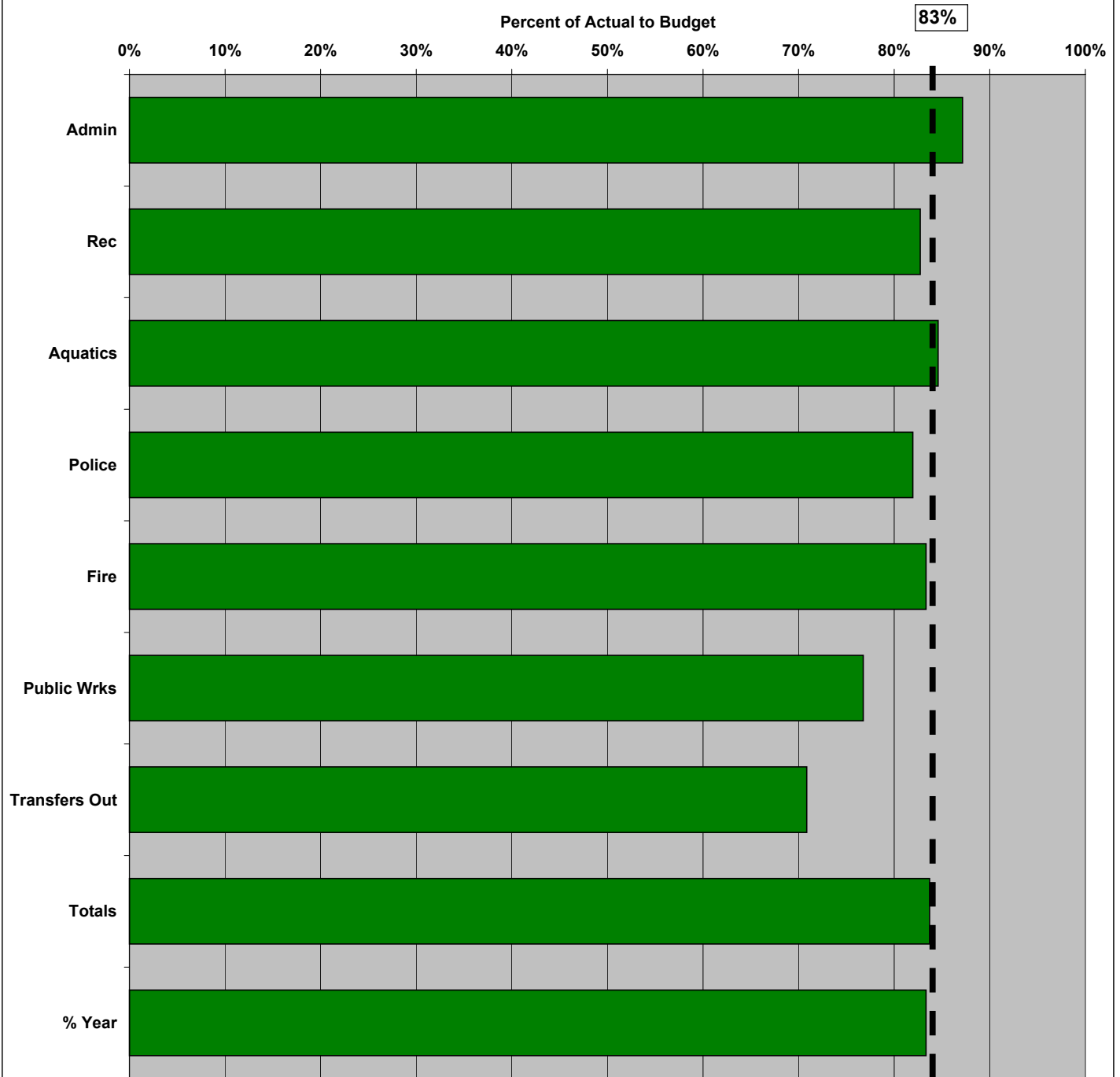


REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
PROPERTY RELATED TAXES	\$3,328,396	\$3,609,213	108%	\$2,593,476	39%
SALES TAXES	\$4,852,000	\$4,156,985	86%	\$3,681,859	13%
FRANCHISE FEE	\$965,000	\$849,479	88%	\$831,596	2%
HOTEL TAX	\$945,000	\$696,414	74%	\$668,281	4%
LICENSES/PERMITS	\$201,720	\$197,983	98%	\$192,434	3%
MOTOR VEHICLE IN LIEU	\$1,423,800	\$192,973	14%	\$1,247,053	-85%
FUNDING - OTHER GOVERNMENTS	\$304,400	\$153,302	50%	\$205,617	-25%
CHARGES CURRENT SERVICES	\$3,790,310	\$2,862,377	76%	\$2,119,563	35%
INTEREST & OTHER REVENUE	\$881,461	\$852,418	97%	\$725,603	17%
TRANSFERS IN	\$403,100	\$250,500	62%	\$670,724	-63%
TOTALS	\$17,095,187	\$13,821,644	81%	\$12,936,206	7%



Morgan Hill YTD General Fund Expenditures

April 30, 2005 – 83% Year Complete



Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
ADMINISTRATION	4,714,822	3,044,716	87%
RECREATION	285,551	1,349,794	83%
AQUATICS	1,434,494	1,213,571	85%
POLICE	8,015,630	6,568,477	82%
FIRE	4,194,617	3,495,424	83%
PUBLIC WORKS	706,957	542,679	77%
TRANSFERS OUT	128,001	90,692	71%
TOTALS	\$ 19,480,072	\$ 16,305,353	84%



City of Morgan Hill
Fund Activity Summary - Fiscal Year 2004/05
For the Month of April 2005
83% of Year Completed

Fund No.	Fund	Fund Balance 06-30-04	Revenues		Expenses		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved	Unrestricted	Restricted ²
010	GENERAL FUND	\$10,898,370	\$13,821,644	81%	\$15,771,345	81%	(\$1,949,701)	\$534,008	\$8,414,661	\$9,380,295	\$6,150
TOTAL GENERAL FUND		\$10,898,370	\$13,821,644	81%	\$15,771,345	81%	(\$1,949,701)	\$534,008	\$8,414,661	\$9,380,295	\$6,150
202	STREET MAINTENANCE	\$1,454,752	\$1,424,862	95%	\$1,659,349	74%	(\$234,487)	\$239,947	\$980,318	\$1,201,542	
204/205	PUBLIC SAFETY/SUPPL. LAW	\$321,965	\$108,197	102%	\$146,267	83%	(\$38,070)		\$283,895	\$283,895	
206	COMMUNITY DEVELOPMENT	\$1,482,405	\$3,314,001	121%	\$2,443,373	72%	\$870,628	\$243,166	\$2,109,867	\$2,407,127	
207	GENERAL PLAN UPDATE	\$231,849	\$110,064	137%	\$28,211	19%	\$81,853	\$60,059	\$253,643	\$313,904	
210	COMMUNITY CENTER	\$99,678	\$44,376	85%		n/a	\$44,376		\$144,054	\$144,054	
215 / 216	CDBG	\$127,519	\$50,099	28%	\$118,730	18%	(\$68,631)	\$51,355	(\$492,467)	\$63,307	
225	ASSET SEIZURE	\$38,956	\$17,074	1674%	\$45,794	n/a	(\$28,720)	\$1,402	\$8,834	\$10,235	
229	LIGHTING AND LANDSCAPE	(\$1,173)	\$69,738	53%	\$102,851	73%	(\$33,113)	\$36,570	(\$70,856)	(\$36,110)	
232	ENVIRONMENTAL PROGRAMS	\$675,334	\$329,996	83%	\$248,688	46%	\$81,308	\$148,157	\$608,485	\$760,111	
234	MOBILE HOME PK RENT STAB.	\$168,580	\$8,936	174%	\$10,765	5%	(\$1,829)	\$185,839	(\$19,088)	\$166,633	
235	SENIOR HOUSING	\$252,691	\$5,626	102%	\$3,806	19%	\$1,820		\$254,511	\$254,511	
236	HOUSING MITIGATION	\$1,141,855	\$283,105	2353%	15,000	1%	\$268,105	-	\$1,409,960	\$1,409,960	
240	EMPLOYEE ASSISTANCE	\$80,549	\$28,770	59%	33,323	74%	(\$4,553)		\$75,996	\$75,025	
247	ENVIRONMENT REMEDIATION	\$570,000	12,759	n/a			\$12,759		\$582,759	\$582,759	
TOTAL SPECIAL REVENUE FUNDS		\$6,644,960	\$5,807,603	110%	\$4,856,157	57%	\$951,446	\$1,466,495	\$6,129,911	\$7,636,953	
301	PARK DEV. IMPACT FUND	\$3,539,104	\$950,487	161%	\$72,954	3%	\$877,533	\$149,944	\$4,266,693		\$4,416,637
302	PARK MAINTENANCE	\$3,047,206	\$594,551	233%	\$31,883	21%	\$562,668		\$3,609,874	\$3,609,874	
303	LOCAL DRAINAGE	\$3,027,986	\$592,989	244%	\$1,280	0%	\$591,709		\$3,619,695		\$3,619,696
304	LOCAL DRAINAGE/NON-AB1600	\$3,249,120	\$247,238	169%	\$66,516	8%	\$180,722		\$3,429,842	\$3,329,842	
306	OPEN SPACE	\$699,078	\$480,743	291%	1,569		\$479,174	\$10,000	\$1,168,252	\$1,178,252	
309	TRAFFIC IMPACT FUND	\$3,119,744	\$892,198	137%	\$419,162	19%	\$473,036	\$958,049	\$2,634,731		\$3,578,201
311	POLICE IMPACT FUND	\$83,370	\$138,892	351%	\$69,831	71%	\$69,061	\$10,000	\$142,431		\$152,431
313	FIRE IMPACT FUND	\$2,333,569	\$159,344	115%	\$1,150	1%	\$158,194	\$9,101	\$2,482,662		\$2,491,763
317	REDEVELOPMENT AGENCY	\$3,864,214	\$14,711,822	81%	\$6,438,187	29%	\$8,273,635	2,562,131	\$9,575,718	\$12,786,011	
327 / 328	HOUSING	\$6,872,096	\$4,268,437	88%	\$2,853,884	43%	\$1,414,553	109,472	\$8,177,177	\$8,544,912	
340/342	MORGAN HILL BUS.RANCH I & II	\$104,826	\$1,561	69%	74,212		(\$72,651)	30,288	\$1,887	\$32,175	
346	PUBLIC FACILITIES NON-AB1600	\$936,101	\$7,070,923	1124%	6,981,055		\$89,868	\$402,310	\$623,659	\$835,412	\$190,556
347	PUBLIC FACILITIES IMPACT FUND	\$314,545	\$109,441	146%	\$1,138	10%	\$108,303	9,750	\$413,098		\$422,849
348	LIBRARY IMPACT FUND	\$490,953	\$76,684	15%	\$168	0%	\$76,516		\$567,469		\$567,469
350	UNDERGROUNDING	\$1,140,023	174,911	72%	\$84,351	12%	\$90,560	36,155	\$1,194,428	\$1,236,157	
360	COMM/REC CTR IMPACT FUND	\$18,906	61,466	72%		12%	\$61,466		\$80,372	\$80,372	
TOTAL CAPITAL PROJECT FUNDS		\$32,840,841	\$30,531,687	114%	\$17,097,340	37%	\$13,434,347	\$4,287,200	\$41,987,988	\$31,633,005	\$15,439,602
441	POLICE FACILITY BOND DEBT		578,688	n/a	122,336		\$456,352		\$456,352		\$456,353
545	COCHRANE BUSINESS PARK	\$375,254	109,624	99%	191,532	96%	(\$81,908)		\$293,346	\$112,396	\$180,950
551	JOLEEN WAY	\$23,806	\$40,672	99%	\$38,172	96%	\$2,500		\$26,306	\$9,056	\$17,250
TOTAL DEBT SERVICE FUNDS		\$399,060	\$728,984	226%	\$352,040	151%	\$376,944		\$776,004	\$121,452	\$654,552



City of Morgan Hill
Fund Activity Summary - Fiscal Year 2004/05
For the Month of April 2005
83% of Year Completed

Fund No.	Fund	Fund Balance 06-30-04	Revenues		Expenses		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved	Unrestricted	Restricted ²
640	SEWER OPERATIONS	\$14,685,816	\$4,619,806	82%	\$5,443,074	83%	(\$823,268)	\$11,312,269	\$2,550,279	\$2,272,127	\$1,894,265
641	SEWER IMPACT FUND	\$9,717,249	\$1,879,120	157%	\$691,424	18%	\$1,187,696	4,063,601	\$6,841,344		\$6,960,984
642	SEWER RATE STABILIZATION	\$3,975,411	\$88,927	106%	\$1,764	83%	\$87,163		\$4,062,574	\$4,062,574	
643	SEWER-CAPITAL PROJECTS	\$9,822,474	\$52,385	143%	\$649,932	43%	(\$597,547)	7,530,952	\$1,693,975	\$2,151,208	
650	WATER OPERATIONS	\$23,500,560	\$5,738,138	66%	\$5,323,554	52%	\$414,584	\$20,922,067	\$2,993,077	\$3,156,665	\$410,635
651	WATER IMPACT FUND	\$4,150,949	\$5,807,060	112%	\$801,813	18%	\$5,005,247	9,506,250	(\$350,055)		\$4,912,731
652	WATER RATE STABILIZATION	\$26,627	\$590	133%	\$411	83%	\$179		\$26,806	\$26,806	
653	WATER -CAPITAL PROJECT	\$9,372,760	\$2,473,371	243%	\$731,965	23%	\$1,741,406	10,102,213	\$1,011,955	\$4,890,764	\$206,251
TOTAL ENTERPRISE FUNDS		\$75,251,846	\$20,659,397	95%	\$13,643,937	49%	\$7,015,460	\$63,437,352	\$18,829,955	\$16,560,143	\$14,384,866
730	DATA PROCESSING	\$472,435	\$241,500	86%	\$307,147	57%	(\$65,647)	245,898	\$160,890	\$377,582	
740	BUILDING MAINTENANCE	\$726,398	\$1,377,175	83%	\$1,041,178	78%	\$335,997	18,824	\$1,043,571	\$1,092,861	
745	CIP ADMINISTRATION	\$52,654	\$970,233	70%	\$970,822	68%	(\$589)	32,454	\$19,611	\$122,078	
760	UNEMPLOYMENT INS.	\$47,278	\$30,243	50%	\$26,829	49%	\$3,414		\$50,692	\$50,693	
770	WORKER'S COMP.	\$5,634	\$765,406	87%	\$559,055	71%	\$206,351	-	\$211,985	\$865,061	\$40,000
790	EQUIPMENT REPLACEMENT	\$3,375,628	\$320,578	83%	\$95,675	40%	\$224,903	655,435	\$2,945,096	\$3,057,130	
793	CORPORATION YARD	\$283,120	\$61,135	45%	\$96,407	56%	(\$35,272)	235,006	\$12,842	\$10,401	
795	GEN'L LIABILITY INS.	\$810,702	\$375,543	83%	\$489,717	115%	(\$114,174)		\$696,528	\$836,811	
TOTAL INTERNAL SERVICE FUNDS		\$5,773,849	\$4,141,813	79%	\$3,586,830	72%	\$554,983		\$5,141,215	\$6,412,616	\$40,000
820	SPECIAL DEPOSITS									\$1,112,611	
841	M.H. BUS.RANCH A.D.	\$381,939	\$285,550	n/a	\$667,489	n/a	(\$381,939)				
842	M.H. BUS. RANCH II A.D.	\$32,149	25,498	n/a	\$57,647	n/a	(\$32,149)				
843	M.H. BUS. RANCH 1998	\$1,296,650	\$678,847	102%	\$867,790	97%	(\$188,943)		\$1,107,707	\$222,204	\$885,463
844	MH RANCH RSMNT 2004A	\$186,838	\$730,484		\$179,393	30%	\$551,091		\$737,929	\$334,918	\$403,012
845	MADRONE BP-TAX EXEMPT	\$1,298,723	\$528,271		\$1,183,087	148%	(\$654,816)		\$643,907		\$643,910
846	MADRONE BP-TAXABLE	\$251,768	\$69,973	92%	\$319,726	182%	(\$249,753)		\$2,014		\$2,016
848	TENNANT AVE.BUS.PK A.D.	\$430,286	\$37,242	102%		na	\$37,242		\$467,528	\$467,529	
881	POLICE DONATION TRUST FUND	\$21,414	\$476	102%			\$476		\$21,890		\$21,890
TOTAL AGENCY FUNDS		\$3,899,767	\$2,356,341	92%	\$3,275,132	133%	(\$918,791)		\$2,980,975	\$2,137,261	\$1,956,289
SUMMARY BY FUND TYPE											
GENERAL FUND GROUP		\$10,898,370	\$13,821,644	81%	\$15,771,345	81%	(\$1,949,701)	\$534,008	\$8,414,661	\$9,380,295	\$6,150
SPECIAL REVENUE GROUP		\$6,644,960	\$5,807,603	110%	\$4,856,157	57%	\$951,446	\$1,466,495	\$6,129,911	\$7,636,953	
DEBT SERVICE GROUP		\$399,060	\$728,984	226%	\$352,040	151%	\$376,944		\$776,004	\$121,452	\$654,552
CAPITAL PROJECTS GROUP		\$32,840,841	\$30,531,687	114%	\$17,097,340	37%	\$13,434,347	\$4,287,200	\$41,987,988	\$31,633,005	\$15,439,602
ENTERPRISE GROUP		\$75,251,846	\$20,659,397	95%	\$13,643,937	49%	\$7,015,460	\$63,437,352	\$18,829,955	\$16,560,143	\$14,384,866
INTERNAL SERVICE GROUP		\$5,773,849	\$4,141,813	79%	\$3,586,830	72%	\$554,983		\$5,141,215	\$6,412,616	\$40,000
AGENCY GROUP		\$3,899,767	\$2,356,341	92%	\$3,275,132	133%	(\$918,791)		\$2,980,975	\$2,137,261	\$1,956,289
TOTAL ALL GROUPS		\$135,708,693	\$78,047,469	99%	\$58,582,781	53%	\$19,464,688	\$69,725,055	\$84,260,709	\$73,881,726	\$32,481,459
TOTAL CASH AND INVESTMENTS										\$106,363,185	

For Enterprise Funds - Unrestricted fund balance = Fund balance net of fixed assets and long-term liabilities.

¹ Amount restricted for encumbrances, fixed asset replacement, long-term receivables, and bond reserves.

² Amount restricted for debt service payments and AB1600 capital expansion projects as detailed in the City's five year CIP Plan and bond agreements.



CITY OF MORGAN HILL CASH AND INVESTMENT REPORT
FOR THE MONTH OF APRIL 2005
FOR THE FISCAL YEAR OF 2004-05

	Invested in Fund	Yield	Book Value End of Month	Investment Category Subtotal at Cost	% of Total	Market Value
Investments						
State Treasurer LAIF - City	All Funds Pooled	2.34%	\$26,367,737		24.78%	\$26,274,564
- RDA	RDA	2.34%	\$9,064,708		8.52%	\$9,032,677
- Corp Yard	Corp Yard	2.34%	\$53,186		0.05%	\$52,998
Federal Issues	All Funds Pooled	3.20%	\$56,245,348		52.88%	\$55,354,458
SVNB CD	All Funds Pooled	2.50%	\$2,000,000		1.88%	\$2,000,000
Money Market	All Funds Pooled	2.43%	\$522,955	\$94,253,934	0.49%	\$522,955
Bond Reserve Accounts - held by trustees						
BNY - 2002 SCRWA Bonds						
MBIA Repurchase & Custody Agmt	Sewer	4.78%	\$1,849,400			
Blackrock Provident Temp Fund		2.14%	\$44,864		1.78%	\$1,894,265 *
US Bank - 1999 Water C.O.P.						
First American Treasury Obligation	Water	1.99%	\$410,635		0.39%	\$410,635 *
BNY - MH Water Revenue Bonds						
Blackrock Liquidity Temp Fund	Water	1.38%	\$4,704,669		4.42%	\$4,704,669 *
BNY - MH Police Facility Lease Revenue Bonds						
JP Morgan Treasury Plus	Debt Svc/Pub Fac	1.21%	\$646,909		0.61%	\$646,909 *
US Bank - MH Ranch 98	MH Ranch					
First American Treasury Obligation	Agency Fund	1.99%	\$885,462		0.83%	\$885,462 *
BNY - Madrone Bus Park Tax Exempt	Madrone Bus Park					
Blackrock Liquidity Temp Fund #20	Agency Fund	2.40%	\$644,718		0.61%	\$644,718
BNY - Madrone Bus Park Taxable	Madrone Bus Park					
Blackrock Liquidity Temp Fund #20	Agency Fund	2.40%	\$3,778		0.00%	\$3,778
BNY - MH Ranch 2004 A	MH Ranch Bus Park					
Blackrock Provident Temp Fund	Agency Fund	2.14%	\$403,012	\$9,593,447	0.38%	\$403,012 *
Other Accounts/Deposits						
General Checking	All Funds		\$1,500,000		1.41%	\$1,500,000
Dreyfuss Treas Cash Management Account	All Funds		\$825,944		0.78%	\$825,944
Heritage Bank - Cash in Escrow Account	Streets/Pub Fac	0.90%	\$143,711		0.14%	\$143,711 *
Athens Administrators Workers' Comp	Workers' Comp		\$40,000		0.04%	\$40,000
Petty Cash & Emergency Cash	Various Funds		\$6,150	\$2,515,804	0.01%	\$6,150
Total Cash and Investments			\$106,363,185	\$106,363,185	100.00%	\$105,346,905
MH Financing Authority Investment in		1.75% to				
MH Ranch AD Imprvmt Bond Series 2004		4.50%	\$4,795,000			Unavailable

CASH ACTIVITY SUMMARY
FY 04/05

Fund Type	07/01/04 Balance	Change in Cash Balance	04/30/05 Balance	Restricted	Unrestricted
General Fund	\$11,307,873	(\$1,921,428)	\$9,386,445	\$6,150	\$9,380,295
Community Development	\$1,564,866	\$842,261	\$2,407,127	\$0	\$2,407,127
RDA (except Housing)	\$6,191,592	\$6,594,419	\$12,786,011	\$0	\$12,786,011
Housing / CDBG	\$7,244,293	\$1,363,926	\$8,608,219	\$0	\$8,608,219
Water - Operations	\$3,236,757	\$330,543	\$3,567,300	\$410,635	\$3,156,665
Water Other	\$3,450,125	\$6,586,426	\$10,036,551	\$5,118,981	\$4,917,570
Sewer - Operations	\$5,088,334	(\$921,942)	\$4,166,392	\$1,894,265	\$2,272,127
Sewer Other	\$13,072,660	\$102,106	\$13,174,766	\$6,960,984	\$6,213,782
Other Special Revenue	\$3,503,684	\$461,293	\$3,964,977	\$0	\$3,964,977
Streets and Capital Projects (except RDA)	\$23,802,360	\$3,140,866	\$26,943,226	\$15,439,602	\$11,503,624
Assessment Districts/Debt Service	\$397,995	\$378,009	\$776,004	\$654,552	\$121,452
Internal Service	\$6,337,439	\$115,177	\$6,452,616	\$40,000	\$6,412,616
Agency Funds	\$4,902,523	(\$808,972)	\$4,093,551	\$1,956,290	\$2,137,261
Total	\$90,100,501	\$16,262,685	\$106,363,185	\$32,481,459	\$73,881,726

Note: See Investment Portfolio Detail for maturities of "Investments." Market values are obtained from the City's investment brokers' monthly reports.

* Market value as of 03/31/05

I certify the information on the investment reports on pages 6-8 has been reconciled to the general ledger and bank statements and that there are sufficient funds to meet the expenditure requirements of the City for the next six months. The portfolio is in compliance with the City of Morgan Hill investment policy and all State laws and regulations.

Prepared by: _____
 Lourdes Reroma
 Accountant I

Approved by: _____
 Jack Dilles
 Director of Finance

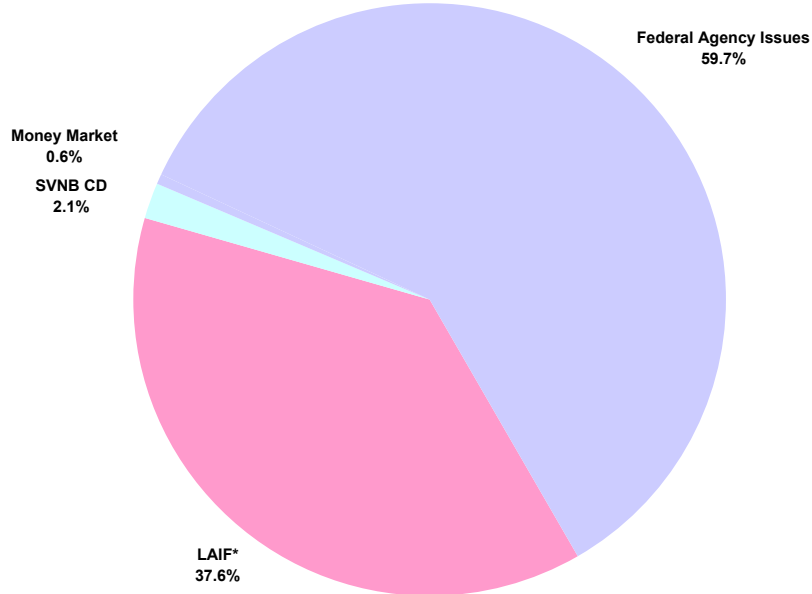
Verified by: _____
 Tina Reza
 Assistant Director of Finance

 Mike Roorda
 City Treasurer



CITY OF MORGAN HILL

INVESTMENT PORTFOLIO DETAIL as of 04/30/05



Investment Type	Purchase Date	Book Value	% of Portfolio	Market Value	Stated Rate	Interest Earned	Next Call Date	Date of Maturity	Years to Maturity
LAIF*		\$35,485,630	37.65%	\$35,360,239	2.336%	\$497,604			0.003
SVNB CD	07/07/03	\$2,000,000	2.12%	\$2,000,000	2.500%	\$28,711		07/07/05	0.184
Federal Agency Issues									
Fed Home Loan Bank	05/21/04	\$2,000,000	2.12%	\$1,990,000	2.474%	\$41,234	05/21/05	11/21/05	0.559
Fed Home Loan Bank	01/25/05	\$2,000,000	2.12%	\$1,992,500	3.000%	\$15,912	01/25/06	01/25/06	0.737
Fed Home Loan Mgt Corp	10/12/04	\$2,000,000	2.12%	\$1,982,160	2.700%	\$29,803	anytime	04/12/06	0.948
Fed Home Loan Bank	02/26/04	\$2,000,000	2.12%	\$1,976,880	2.563%	\$42,579	05/26/05	05/26/06	1.068
Fed Home Loan Bank	11/29/04	\$2,000,000	2.12%	\$1,983,120	3.076%	\$25,830	05/28/05	08/28/06	1.326
Fed Home Loan Mgt Corp	11/30/04	\$2,000,000	2.12%	\$1,982,440	3.070%	\$25,781	08/30/05	08/30/06	1.332
Fed Home Loan Bank	03/08/05	\$1,999,000	2.12%	\$1,991,880	3.470%	\$10,282	06/08/05	09/08/06	1.356
Fed Home Loan Bank	12/15/04	\$2,000,000	2.12%	\$1,986,260	3.250%	\$24,556	06/15/05	09/15/06	1.375
Fed Home Loan Bank	03/15/05	\$1,000,000	1.06%	\$996,250	3.500%	\$4,470	06/15/05	09/15/06	1.375
Fed Home Loan Bank	03/29/04	\$2,000,000	2.12%	\$1,951,880	2.650%	\$44,215	12/29/06	12/29/06	1.663
Fed Home Loan Bank	03/18/04	\$2,000,000	2.12%	\$1,963,760	3.030%	\$50,555	06/18/05	06/18/07	2.132
Fed Home Loan Bank	03/29/04	\$2,000,000	2.12%	\$1,943,120	3.300%	\$55,060	09/28/05	12/28/07	2.660
Fed Home Loan Mgt Corp	03/12/03	\$2,000,000	2.12%	\$1,969,260	3.500%	\$58,397	09/12/05	03/12/08	2.866
Fed Home Loan Bank	03/26/03	\$2,000,000	2.12%	\$1,963,760	3.375%	\$56,311	anytime	03/26/08	2.904
Fed Home Loan Mgt Corp	04/16/03	\$2,000,000	2.12%	\$1,972,400	3.600%	\$60,000	10/16/05	04/16/08	2.962
Fed Home Loan Mgt Corp	04/17/03	\$1,996,348	2.12%	\$1,966,660	3.625%	\$62,515	10/17/05	04/17/08	2.964
Fed Farm Credit Bank	06/03/03	\$2,000,000	2.12%	\$1,950,000	3.210%	\$53,468	06/03/05	06/03/08	3.093
Fed Farm Credit Bank	06/12/03	\$2,000,000	2.12%	\$1,934,380	2.950%	\$49,129	07/30/05	06/12/08	3.118
Fed Home Loan Bank	07/30/03	\$2,000,000	2.12%	\$1,936,880	3.000%	\$49,863	07/30/05	07/30/08	3.249
Fed Home Loan Bank	07/30/03	\$2,000,000	2.12%	\$1,951,880	3.243%	\$54,351	07/30/05	07/30/08	3.249
Fed Home Loan Bank	07/30/03	\$2,000,000	2.12%	\$1,959,380	3.400%	\$56,512	07/30/05	07/30/08	3.249
Fed Home Loan Bank	08/14/03	\$1,250,000	1.33%	\$1,233,988	3.690%	\$38,321	05/14/05	08/14/08	3.290
Fed Home Loan Bank	10/15/03	\$2,000,000	2.12%	\$1,978,120	4.000%	\$33,333	anytime	10/15/08	3.460
Fed Farm Credit Bank	03/16/04	\$2,000,000	2.12%	\$1,959,380	3.650%	\$60,899	anytime	03/16/09	3.877
Fed Home Loan Bank	03/26/04	\$2,000,000	2.12%	\$1,983,120	4.000%	\$66,739	05/26/05	03/26/09	3.904
Fed Home Loan Bank	04/06/04	\$2,000,000	2.12%	\$1,960,620	3.625%	\$60,417	anytime	04/06/09	3.934
Fed Home Loan Bank	04/07/04	\$2,000,000	2.12%	\$1,959,380	3.600%	\$60,000	07/07/05	04/07/09	3.937
Fed National Mortgage	04/16/04	\$2,000,000	2.12%	\$1,966,880	3.750%	\$62,500	07/16/05	04/16/09	3.962
Fed Home Loan Bank	04/29/04	\$2,000,000	2.12%	\$1,968,120	3.750%	\$62,500	07/29/05	04/29/09	3.997
Redeemed in FY 04/05						\$42,559			
Sub Total/Average		\$56,245,348	59.67%	\$55,354,458	3.204%	\$1,358,091			2.584
Money Market		\$522,955	0.55%	\$522,955	2.430%	\$6,175			0.003
TOTAL/AVERAGE		\$94,253,934	100.00%	\$93,237,652	2.917%	\$1,890,581			1.682

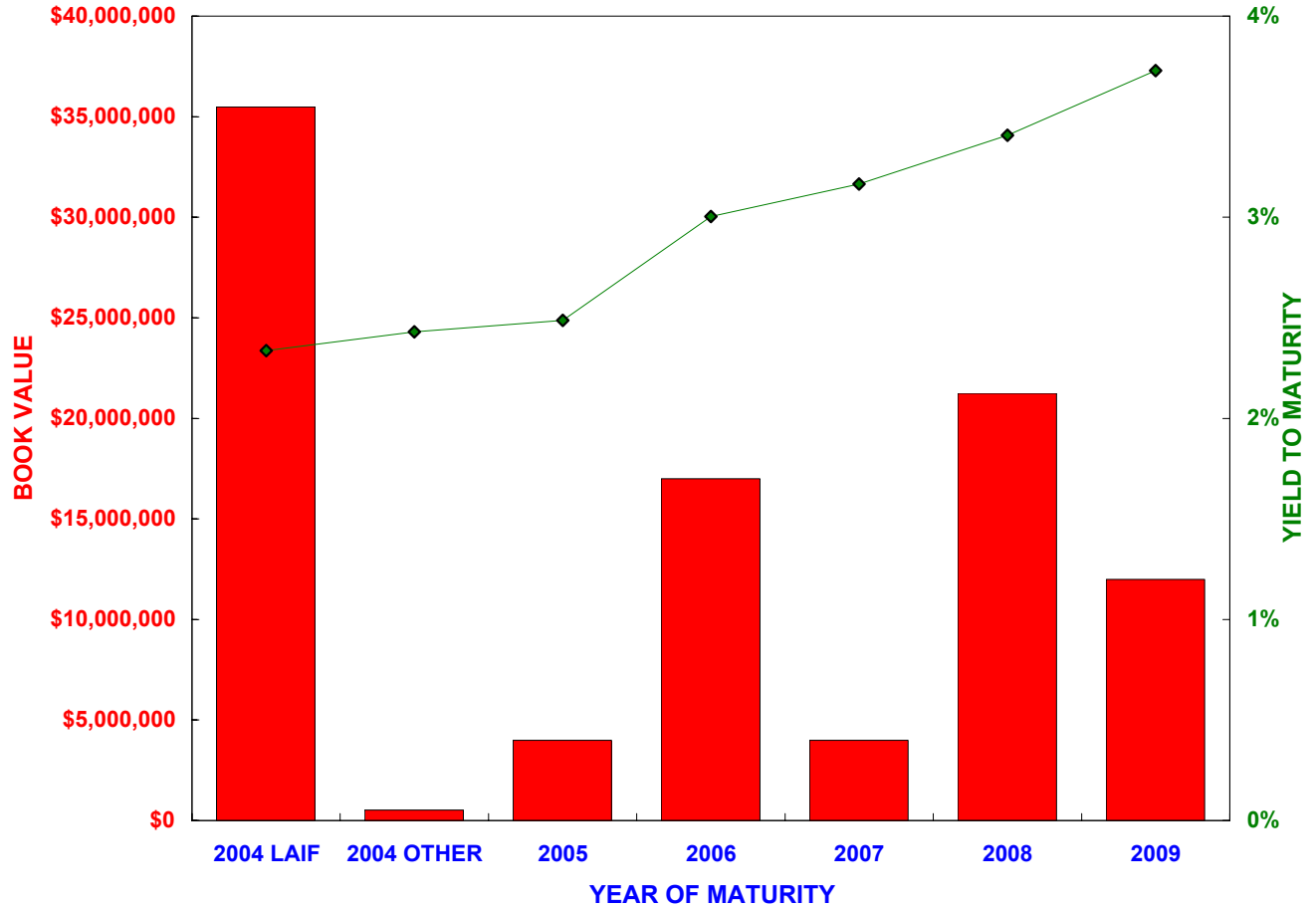
*Per State Treasurer Report dated 4/30/2005, LAIF had invested approximately 14% of its balance in Treasury Bills and Notes, 23% in CDs, 17% in Commercial Paper and Corporate Bonds, 0% in Banker's Acceptances and 46% in others.



CITY OF MORGAN HILL

INVESTMENT MATURITIES

AS OF APRIL 30, 2005



YEAR OF MATURITY	BOOK VALUE	MARKET VALUE	AVERAGE RATE	% OF TOTAL
2004 LAIF	\$35,485,630	\$35,360,239	2.336%	37.65%
2004 OTHER	\$522,955	\$522,955	2.430%	0.55%
2005	\$4,000,000	\$3,990,000	2.487%	4.24%
2006	\$16,999,000	\$16,843,370	3.003%	18.04%
2007	\$4,000,000	\$3,906,880	3.165%	4.24%
2008	\$21,246,348	\$20,816,708	3.408%	22.54%
2009	\$12,000,000	\$11,797,500	3.729%	12.73%
TOTAL	\$94,253,934	\$93,237,652	2.917%	100.00%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2004/05
For the Month of April 2005
83% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
010 GENERAL FUND							
<u>TAXES</u>							
Property Taxes - Secured/Unsecured/Prio	2,803,396	2,803,396	3,104,026	111%	2,169,720	934,306	43%
Supplemental Roll	157,500	157,500	165,364	105%	102,314	63,050	62%
Sales Tax	4,600,000	4,600,000	3,976,693	86%	3,502,947	473,746	14%
Public Safety Sales Tax	252,000	252,000	180,292	72%	178,912	1,380	1%
Transient Occupancy Taxes	945,000	945,000	696,414	74%	668,281	28,133	4%
Franchise (Refuse ,Cable ,PG&E)	965,000	965,000	849,479	88%	831,596	17,883	2%
Property Transfer Tax	367,500	367,500	339,823	92%	321,442	18,381	6%
TOTAL TAXES	10,090,396	10,090,396	9,312,091	92%	7,775,212	1,536,879	20%
<u>LICENSES/PERMITS</u>							
Business License	155,000	155,000	156,650	101%	151,614	5,036	3%
Other Permits	46,720	46,720	41,333	88%	40,820	513	1%
TOTAL LICENSES/PERMITS	201,720	201,720	197,983	98%	192,434	5,549	3%
<u>FINES AND PENALTIES</u>							
Parking Enforcement	12,000	12,000	7,054	59%	11,360	(4,306)	-38%
City Code Enforcement	35,000	35,000	49,230	141%	38,007	11,223	30%
Business tax late fee/other fines	1,200	1,200	1,445	120%	1,248	197	16%
TOTAL FINES AND PENALTIES	48,200	48,200	57,729	120%	50,615	7,114	14%
<u>OTHER AGENCIES</u>							
Motor Vehicle in-Lieu	1,423,800	1,423,800	192,973	14%	1,247,053	(1,054,080)	-85%
Other Revenue - Other Agencies	304,400	304,400	153,302	50%	205,617	(52,315)	-25%
TOTAL OTHER AGENCIES	1,728,200	1,728,200	346,275	20%	1,452,670	(1,106,395)	-76%
<u>CHARGES CURRENT SERVICES</u>							
False Alarm Charge	20,000	20,000	19,171	96%	17,289	1,882	11%
Business License Application Review	22,000	22,000	21,773	99%	21,553	220	1%
Recreation Classes	326,750	326,750	326,216	100%	20,898	305,318	1461%
Aquatics Revenue	1,181,625	1,436,859	884,475	62%			
General Administration Overhead	1,793,851	1,793,851	1,494,876	83%	1,673,315	(178,439)	-11%
Other Charges Current Services	190,850	190,850	115,866	61%	386,508	(270,642)	-70%
TOTAL CURRENT SERVICES	3,535,076	3,790,310	2,862,377	76%	2,119,563	(141,661)	-7%
<u>OTHER REVENUE</u>							
Use of money/property	819,261	819,261	744,917	91%	632,447	112,470	18%
Other revenues	14,000	14,000	49,772	356%	42,541	7,231	17%
TOTAL OTHER REVENUE	833,261	833,261	794,689	95%	674,988	119,701	18%
<u>TRANSFERS IN</u>							
Park Maintenance	125,000	125,000	31,250	25%	150,000	(118,750)	-79%
Sewer Enterprise	20,000	20,000	16,667	83%	14,583	2,084	14%
Water Enterprise	20,000	20,000	16,667	83%	14,583	2,084	14%
Public Safety	175,000	175,000	145,833	83%	227,500	(81,667)	-36%
Environmental Programs	48,100	48,100	40,083	83%		40,083	n/a
HCD Block Grant	15,000	15,000	-	n/a		-	n/a
Other Funds	-	-	-	n/a	264,058	(264,058)	-100%
TOTAL TRANSFERS IN	403,100	403,100	250,500	62%	670,724	(420,224)	-63%
TOTAL GENERAL FUND	16,839,953	17,095,187	13,821,644	81%	12,936,206	885,438	7%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2004/05
For the Month of April 2005
83% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
SPECIAL REVENUE FUNDS							
<u>202 STREET MAINTENANCE</u>							
Gas Tax 2105 - 2107.5	674,000	674,000	505,858	75%	550,057	(44,199)	-8%
Measure A & B	-	-	-	n/a	-	-	n/a
Tea 21	-	-	-	n/a	-	-	n/a
Transfers In	700,000	800,000	525,000	66%	575,000	(50,000)	-9%
Project Reimbursement	-	-	355,168	n/a	358,108	(2,940)	-1%
Interest / Other Revenue/Other Charges	29,635	29,635	38,836	131%	26,877	11,959	44%
202 STREET MAINTENANCE	1,403,635	1,503,635	1,424,862	95%	1,510,042	(85,180)	-6%
<u>204/205 PUBLIC SAFETY TRUST</u>							
Interest Income	6,103	6,103	6,997	115%	7,119	(122)	-2%
Police Grant/SLEF	100,000	100,000	101,200	101%	100,000	1,200	1%
PD Block Grant	-	-	-	n/a	-	-	n/a
CA Law Enforcement Equip.Grant	-	-	-	n/a	-	-	n/a
Federal Police Grant (COPS)	-	-	-	n/a	-	-	n/a
Transfers In	-	-	-	n/a	-	-	n/a
204/205 PUBLIC SAFETY TRUST	106,103	106,103	108,197	102%	107,119	1,078	1%
<u>206 COMMUNITY DEVELOPMENT</u>							
Building Fees	1,403,000	1,403,000	1,614,163	115%	1,600,163	14,000	1%
Planning Fees	791,621	791,621	606,486	77%	392,213	214,273	55%
Engineering Fees	516,500	516,500	1,043,945	202%	274,183	769,762	281%
Other Revenue/Current Charges	26,188	26,188	49,407	189%	28,195	21,212	75%
Transfers	-	-	-	n/a	25,000	(25,000)	-100%
206 COMMUNITY DEVELOPMENT	2,737,309	2,737,309	3,314,001	121%	2,319,754	994,247	43%
207 GENERAL PLAN UPDATE	80,154	80,154	110,064	137%	85,674	24,390	28%
<u>215 and 216 HCD BLOCK GRANT</u>							
HCD allocation	166,440	166,440	30,820	19%	24,178	6,642	27%
Interest Income/Other Revenue	9,648	9,648	19,279	200%	6,704	12,575	188%
Transfers	-	-	-	n/a	-	-	n/a
215 and 216 HCD BLOCK GRANT	176,088	176,088	50,099	28%	30,882	19,217	62%
210 COMMUNITY CENTER	52,119	52,119	44,376	85%	3,892	40,484	1040%
225 ASSET SEIZURE	1,020	1,020	17,074	1674%	1,992	15,082	757%
229 LIGHTING AND LANDSCAPE	130,766	130,766	69,738	53%	68,778	960	1%
232 ENVIRONMENTAL PROGRAMS	399,491	399,491	329,996	83%	317,486	12,510	4%
234 MOBILE HOME PARK RENT STAB.	5,148	5,148	8,936	174%	54,722	(45,786)	-84%
235 SENIOR HOUSING	5,501	5,501	5,626	102%	4,106	1,520	37%
236 HOUSING MITIGATION	12,031	12,031	283,105	2353%	31,951	251,154	786%
240 EMPLOYEE ASSISTANCE	29,059	49,059	28,770	59%	26,641	2,129	8%
247 ENVIRONMENT REMEDIATION			12,759	n/a	-	12,759	n/a
TOTAL SPECIAL REVENUE FUNDS	5,138,424	5,258,424	5,807,603	110%	4,563,039	1,244,564	27%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2004/05
For the Month of April 2005
83% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
CAPITAL PROJECTS FUNDS							
301 PARK DEVELOPMENT	578,596	591,596	950,487	161%	873,315	77,172	9%
302 PARK MAINTENANCE	254,863	254,863	594,551	233%	295,858	298,693	101%
303 LOCAL DRAINAGE	243,292	243,292	592,989	244%	200,813	392,176	195%
304 LOCAL DRAINAGE/NON AB1600	146,377	146,377	247,238	169%	135,702	111,536	82%
306 OPEN SPACE	165,125	165,125	480,743	291%	144,192	336,551	233%
309 TRAFFIC MITIGATION	651,916	651,916	892,198	137%	1,375,001	(482,803)	-35%
311 POLICE MITIGATION	39,568	39,568	138,892	351%	102,229	36,663	36%
313 FIRE MITIGATION	138,417	138,417	159,344	115%	220,307	(60,963)	-28%
317 RDA CAPITAL PROJECTS							
Property Taxes & Supplemental Roll	17,048,868	17,280,277	14,208,727	82%	12,632,072	1,576,655	12%
Development Agreements			-	n/a		-	n/a
Interest Income, Rents	17,031	17,031	162,781	956%	193,739	(30,958)	-16%
Other Agencies/Current Charges/Transfer	-	778,976	340,314	n/a	758,572	(418,258)	-55%
317 RDA CAPITAL PROJECTS	17,065,899	18,076,284	14,711,822	81%	13,584,383	1,127,439	8%
327/328 RDA L/M HOUSING							
Property Taxes & Supplemental Roll	4,737,350	4,737,350	4,072,852	86%	3,828,155	244,697	6%
Interest Income, Rent	112,277	112,277	193,954	173%	508,343	(314,389)	-62%
Other	100	100	1,631	1631%	760,198	(758,567)	-100%
327/328 RDA L/M HOUSING	4,849,727	4,849,727	4,268,437	88%	5,096,696	(828,259)	-16%
346 PUBLIC FACILITIES NON-AB1600	629,137	629,137	7,070,923	1124%	1,950,076	5,120,847	263%
347 PUBLIC FACILITIES	74,737	74,737	109,441	146%	494,142	(384,701)	-78%
348 LIBRARY	526,000	526,000	76,684	15%	68,167	8,517	12%
350 UNDERGROUNDING	242,742	242,742	174,911	72%	61,802	113,109	183%
340/342 MH BUS.RANCH CIP I & II	2,270	2,270	1,561	69%	1,658	(97)	-6%
360 COMMUNITY/REC IMPACT FUND	44,399	44,399	61,466	138%	11,678	49,788	426%
TOTAL CAPITAL PROJECTS FUNDS	25,653,065	26,676,450	30,531,687	114%	24,616,019	5,915,668	24%
DEBT SERVICE FUNDS							
441 POLICE FACILITY BOND			578,688	n/a		578,688	n/a
536 ENCINO HILLS	1,495	1,495	-	n/a	1,099	(1,099)	-100%
539 MORGAN HILL BUSINESS PARK	250	250	-	n/a	191	(191)	-100%
542 SUTTER BUSINESS PARK	552	552	-	n/a	403	(403)	-100%
545 COCHRANE BUSINESS PARK	279,134	279,134	109,624	39%	111,840	(2,216)	-2%
551 JOLEEN WAY	41,235	41,235	40,672	99%	17,948	22,724	127%
TOTAL DEBT SERVICE FUNDS	322,666	322,666	728,984	226%	131,481	597,503	454%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2004/05
For the Month of April 2005
83% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
ENTERPRISE FUNDS							
640 SEWER OPERATION							
Sewer Service Fees	5,459,000	5,459,000	4,390,482	80%	4,406,418	(15,936)	0%
Interest Income	59,437	59,437	94,106	158%	94,031	75	0%
Other Revenue/Current Charges	110,500	110,500	135,218	122%	138,178	(2,960)	-2%
640 SEWER OPERATION	5,628,937	5,628,937	4,619,806	82%	4,638,627	(18,821)	0%
641 SEWER EXPANSION							
Interest Income	94,826	94,826	144,536	152%	90,381	54,155	60%
Connection Fees	1,100,000	1,100,000	1,733,925	158%	2,047,874	(313,949)	-15%
Other	-	-	659	n/a	660	(1)	0%
641 SEWER EXPANSION	1,194,826	1,194,826	1,879,120	157%	2,138,915	(259,795)	-12%
642 SEWER RATE STABILIZATION	84,161	84,161	88,927	106%	61,487	27,440	45%
643 SEWER-CAPITAL PROJECT	36,527	36,527	52,385	143%	420,485	(368,100)	-88%
TOTAL SEWER FUNDS	6,944,451	6,944,451	6,640,238	96%	7,259,514	(619,276)	-9%
650 WATER OPERATION							
Water Sales	5,821,375	5,821,375	4,933,880	85%	5,064,605	(130,725)	-3%
Meter Install & Service	40,000	40,000	101,176	253%	34,303	66,873	195%
Transfers-In, and Interest Income	2,516,848	2,516,848	114,086	5%	922,711	(808,625)	-88%
Other Revenue/Current Charges	279,688	279,688	588,996	211%	450,480	138,516	31%
650 WATER OPERATION	8,657,911	8,657,911	5,738,138	66%	6,472,099	(733,961)	-11%
651 WATER EXPANSION							
Interest Income/Other Revenue/Transfer	5,000,000	5,000,000	5,435,806	109%	569,901	4,865,905	854%
Water Connection Fees	200,000	200,000	371,254	186%	382,977	(11,723)	-3%
651 WATER EXPANSION	5,200,000	5,200,000	5,807,060	112%	952,878	4,854,182	509%
652 Water Rate Stabilization	445	445	590	133%	8,763	(8,173)	-93%
653 Water Capital Project	1,016,646	1,016,646	2,473,371	243%	583,219	1,890,152	324%
TOTAL WATER FUNDS	14,875,002	14,875,002	14,019,159	94%	8,016,959	6,002,200	75%
TOTAL ENTERPRISE FUNDS	21,819,453	21,819,453	20,659,397	95%	15,276,473	5,382,924	35%
INTERNAL SERVICE FUNDS							
730 INFORMATION SERVICES	279,995	279,995	241,500	86%	204,386	37,114	18%
740 BUILDING MAINTENANCE SERVICES	1,652,610	1,652,610	1,377,175	83%	743,987	633,188	85%
745 CIP ADMINISTRATION	1,395,765	1,395,765	970,233	70%	1,072,180	(101,947)	-10%
760 UNEMPLOYMENT INSURANCE	60,484	60,484	30,243	50%	7,363	22,880	311%
770 WORKERS COMPENSATION	875,300	875,300	765,406	87%	604,665	160,741	27%
790 EQUIPMENT REPLACEMENT	373,009	384,009	320,578	83%	206,061	114,517	56%
793 CORPORATION YARD COMMISSION	136,715	136,715	61,135	45%	190,253	(129,118)	-68%
795 GENERAL LIABILITY INSURANCE	453,709	453,709	375,543	83%	326,606	48,937	15%
TOTAL INTERNAL SERVICE FUNDS	5,227,587	5,238,587	4,141,813	79%	3,355,501	786,312	23%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2004/05
For the Month of April 2005
83% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
AGENCY FUNDS							
841 M.H. BUS.RANCH A.D. I	-	-	285,550	n/a	383,355	(97,805)	-26%
842 M.H. BUS.RANCH A.D. II	-	-	25,498	n/a	36,550	(11,052)	-30%
843 M.H. BUS.RANCH 1998	905,353	905,353	678,847	75%	418,598	260,249	62%
844 M.H. RANCH REFUNDING 2004A	619,142	619,142	730,484	118%	760,503	(30,019)	-4%
845 MADRONE BP-TAX EXEMPT	826,553	826,553	528,271	64%	399,574	128,697	32%
846 MADRONE BP-TAXABLE	179,459	179,459	69,973	39%	83,881	(13,908)	-17%
848 TENNANT AVE.BUS.PK A.D.	37,993	37,993	37,242	98%	66,717	(29,475)	-44%
881 POLICE DONATION TRUST FUND	465	465	476	102%	344	132	38%
TOTAL AGENCY FUNDS	2,568,965	2,568,965	2,356,341	92%	2,149,522	206,819	10%
TOTAL FOR ALL FUNDS	77,570,113	78,979,732	78,047,469	99%	63,028,241	14,719,668	23%



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2004/05
For the Month of April 2005
83% of Year Completed

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET
010 GENERAL FUND								
I. GENERAL GOVERNMENT								
COUNCIL AND MISCELLANEOUS GOVT.								
	City Council	39,245	174,319	204,648	165,277	28,183	193,460	95%
	Community Promotions	1,599	28,114	28,114	13,248	-	13,248	47%
	COUNCIL AND MISCELLANEOUS GO	40,844	202,433	232,762	178,525	28,183	206,708	89%
	CITY ATTORNEY	101,798	566,191	850,022	746,112	244,274	990,386	117%
CITY MANAGER								
	City Manager	33,380	318,659	318,659	261,931		261,931	82%
	Cable Television	4,958	44,961	44,961	37,873	3,370	41,243	92%
	Communications & Marketing	6,059	71,045	71,045	49,074	-	49,074	69%
	CITY MANAGER	44,397	434,665	434,665	348,878	3,370	352,248	81%
RECREATION								
	Recreation	24,135	285,551	285,551	235,911	37,500	273,411	96%
	Community & Cultural Center	108,787	1,287,874	1,346,160	923,907	152,476	1,076,383	80%
	Aquatics Center	127,157	1,179,260	1,434,494	1,206,490	7,081	1,213,571	85%
	RECREATION	260,079	2,752,685	3,066,205	2,366,308	197,057	2,563,365	84%
HUMAN RESOURCES								
	Human Resources	50,244	485,417	485,417	410,501	-	410,501	85%
	Volunteer Programs	5,597	55,912	55,912	43,382	-	43,382	78%
	HUMAN RESOURCES	55,841	541,329	541,329	453,883		453,883	84%
CITY CLERK								
	City Clerk	27,973	252,920	277,261	214,202	-	214,202	77%
	Elections	4,710	100,296	100,296	79,170	-	79,170	79%
	CITY CLERK	32,683	353,216	377,557	293,372	-	293,372	78%
	FINANCE	92,659	927,327	927,327	748,119	-	748,119	81%
				5,000				
	MEDICAL SERVICES	-					-	n/a
	TOTAL GENERAL GOVERNMENT	628,301	5,777,846	6,434,867	5,135,197	472,884	5,608,081	87%
II. PUBLIC SAFETY								
POLICE								
	PD Administration	61,237	614,784	614,784	542,740	-	542,740	88%
	Patrol	464,488	4,106,920	4,121,520	3,354,345	11,178	3,365,523	82%
	Support Services	78,186	949,449	949,449	714,501	19,724	734,225	77%
	Emergency Services/Haz Mat	2,384	46,252	50,264	14,426	4,013	18,439	37%
	Special Operations	133,318	1,195,840	1,203,958	1,117,644	8,411	1,126,055	94%
	Animal Control	8,896	86,078	86,078	74,349		74,349	86%
	Dispatch Services	89,766	988,927	989,577	701,889	5,257	707,146	71%
	POLICE	838,275	7,988,250	8,015,630	6,519,894	48,583	6,568,477	82%
	FIRE	349,531	4,194,617	4,194,617	3,495,424	-	3,495,424	83%
	TOTAL PUBLIC SAFETY	1,187,806	12,182,867	12,210,247	10,015,318	48,583	10,063,901	82%
III. COMMUNITY IMPROVEMENT								
	PARK MAINTENANCE	58,115	705,572	706,957	530,138	12,541	542,679	77%
	TOTAL COMMUNITY IMPROVEMENT	58,115	705,572	706,957	530,138	12,541	542,679	77%



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2004/05
For the Month of April 2005
83% of Year Completed

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET
IV. TRANSFERS								
	PD Bond Debt Service				-	-	-	n/a
	Community Center	4,167	50,000	50,000	41,667		41,667	
	Info Systems		49,025	49,025	49,025	-	49,025	100%
	RDA Capital Project	-		28,976	-	-	-	n/a
TOTAL TRANSFERS		4,167	99,025	128,001	90,692	-	90,692	71%
TOTAL GENERAL FUND		1,878,389	18,765,310	19,480,072	15,771,345	534,008	16,305,353	84%
SPECIAL REVENUE FUNDS								
202 STREET MAINTENANCE								
	Street Maintenance/Traffic	154,398	1,593,914	1,634,617	1,314,020	132,569	1,446,589	88%
	Congestion Management	16,085	80,329	80,329	59,021		59,021	73%
	Street CIP	77,807	44,993	521,028	286,308	107,378	393,686	76%
202 STREET MAINTENANCE		248,290	1,719,236	2,235,974	1,659,349	239,947	1,899,296	85%
204/205	PUBLIC SAFETY/SUPP.LAW	14,627	175,520	175,520	146,267		146,267	83%
206 COMMUNITY DEVELOPMENT FUND								
	Planning	111,775	1,086,783	1,236,714	951,030	88,937	1,039,967	84%
	Building	87,606	1,038,955	1,055,719	718,964	91,406	810,370	77%
	PW-Engineering	108,534	1,096,107	1,121,274	773,379	62,823	836,202	75%
206 COMMUNITY DEVELOPMENT FUND		307,915	3,221,845	3,413,707	2,443,373	243,166	2,686,539	79%
207	GENERAL PLAN UPDATE	3,139	60,498	147,742	28,211	60,059	88,270	60%
210	COMMUNITY CENTER	-	-	-	-	-	-	n/a
215/216	CDBG	49,741	288,007	657,039	118,730	66,737	185,467	28%
225	ASSET SEIZURE	-	-	-	45,794	1,402	47,196	n/a
229	LIGHTING AND LANDSCAPE	884	14,038	140,038	102,851	36,570	139,421	100%
232	ENVIRONMENT PROGRAMS	27,782	417,937	535,570	248,688	148,157	396,845	74%
234	MOBILE HOME PARK	124	5,202	200,545	10,765	185,839	196,604	98%
235	SENIOR HOUSING TRUST FUNI	-	20,180	20,180	3,806	12,451	16,257	81%
236	HOUSING MITIGATION FUND	15,000	1,015,000	1,015,000	15,000	-	15,000	1%
240	EMPLOYEE ASSISTANCE	-	25,000	45,000	33,323	-	33,323	74%
TOTAL SPECIAL REVENUE FUNDS		667,502	6,962,463	8,586,315	4,856,157	994,328	5,850,485	68%
CAPITAL PROJECT FUNDS								
301	PARK DEVELOPMENT	2,212	2,062,944	2,889,271	72,954	149,944	222,898	8%
302	PARK MAINTENANCE	-	150,000	150,000	31,883		31,883	21%
303	LOCAL DRAINAGE	128	2,001,536	2,001,536	1,280		1,280	0%
304	LOCAL DRAIN. NON-AB1600	32,329	841,669	854,739	66,516		66,516	8%
306	OPEN SPACE	1,077			1,569		1,569	
309	TRAFFIC MITIGATION	66,331	1,050,000	2,234,433	419,162	958,049	1,377,211	62%
311	POLICE MITIGATION	495	88,937	98,444	69,831	10,000	79,831	81%
313	FIRE MITIGATION	115	101,380	132,676	1,150	9,101	10,251	8%
317	RDA BUSINESS ASSISTANCE	737,949	13,453,262	22,066,158	6,438,187	2,491,082	8,929,269	40%
327/328	RDA HOUSING	303,576	5,824,189	6,589,093	2,853,884	109,472	2,963,356	45%
340/342	MH BUS RANCH CIP				74,212	30,288	104,500	n/a
346	PUBLIC FAC.NON AB1600	55,118	553,000	7,562,887	6,981,055	402,310	7,383,365	98%
347	PUBLIC FACILITIES	114	1,365	11,115	1,138	9,750	10,888	98%
348	LIBRARY IMPACT	17	1,000,202	1,000,202	168		168	0%
350	UNDERGROUNDING	83,059	375,390	722,865	84,351	36,155	120,506	17%
360	COMM/REC CTR IMPACT	-	50,000	50,000	-	-	-	n/a
TOTAL CAPITAL PROJECTS FUNDS		1,282,520	27,553,874	46,363,419	17,097,340	4,206,151	21,303,491	46%



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2004/05
For the Month of April 2005
83% of Year Completed

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET
DEBT SERVICE FUNDS								
441	POLICE FACILITY BOND DEBT	(36)	-	-	122,336	-	122,336	n/a
539	MORGAN HILL BUS. PARK A.D	-	-	-	-	-	-	n/a
542	SUTTER BUS. PARK A.D.	-	-	-	-	-	-	n/a
545	COCHRANE BUS. PARK A.D.	854	194,200	194,200	191,532	-	191,532	99%
551	JOLEEN WAY A.D.	823	39,561	39,561	38,172	-	38,172	96%
TOTAL DEBT SERVICE FUNDS		1,641	233,761	233,761	352,040	-	352,040	151%
ENTERPRISE FUNDS								
SEWER								
640	SEWER OPERATION	413,655	6,450,819	6,529,282	5,443,074	79,476	5,522,550	85%
641	CAPITAL EXPANSION	113,744	3,556,745	3,946,185	691,424	17,252	708,676	18%
642	SEWER RATE STABILIZATION	176	2,117	2,117	1,764	-	1,764	83%
643	SEWER-CAPITAL PROJECTS	18,189	472,539	1,515,015	649,932	457,233	1,107,165	73%
TOTAL SEWER FUND(S)		545,764	10,482,220	11,992,599	6,786,194	553,961	7,340,155	61%
WATER								
	Water Operations Division	433,233	6,541,316	6,912,203	4,453,067	552,865	5,005,932	72%
	Meter Reading/Repair	37,870	719,352	743,447	508,491	123,106	631,597	85%
	Utility Billing	37,649	392,283	392,283	321,622	4,781	326,403	83%
	Water Conservation	4,965	59,466	77,712	40,374	-	40,374	52%
650	WATER OPERATIONS	513,717	7,712,417	8,125,645	5,323,554	680,752	6,004,306	74%
651	CAPITAL EXPANSION	7,965	2,845,226	4,334,398	801,813	76,879	878,692	20%
652	WATER RATE STABILIZATION	41	493	493	411	-	411	83%
653	WATER-CAPITAL PROJECTS	100,836	1,115,923	3,170,822	731,965	3,280,411	4,012,376	127%
TOTAL WATER FUND(S)		622,559	11,674,059	15,631,358	6,857,743	4,038,042	10,895,785	70%
TOTAL ENTERPRISE FUNDS		1,168,323	22,156,279	27,623,957	13,643,937	4,592,003	18,235,940	66%
INTERNAL SERVICE FUNDS								
730	INFORMATION SERVICES	7,495	430,970	537,243	307,147	213,432	520,579	97%
740	BUILDING MAINTENANCE	104,374	1,343,445	1,343,445	1,041,178	18,824	1,060,002	79%
745	CIP ENGINEERING	128,490	1,395,765	1,431,786	970,822	31,423	1,002,245	70%
760	UNEMPLOYMENT	(241)	55,000	55,000	26,829	-	26,829	49%
770	WORKERS COMPENSATION	148,274	767,200	789,775	559,055	-	559,055	71%
790	EQUIPMENT REPLACEMENT	74,774	187,240	237,240	95,675	112,034	207,709	88%
793	CORP YARD COMMISSION	12,529	130,200	173,208	96,407	10,246	106,653	62%
795	GEN. LIABILITY INSURANCE	162,628	427,700	427,700	489,717	-	489,717	115%
TOTAL INTERNAL SERVICE FUNDS		638,323	4,737,520	4,995,397	3,586,830	385,959	3,972,789	80%
AGENCY FUNDS								
841	MORGAN HILL BUS RANCH I	288,555	-	-	667,489	-	667,489	n/a
842	MORGAN HILL BUS RANCH II	50,462	-	-	57,647	-	57,647	n/a
843	MORGAN HILL BUS RANCH 98	1,061	893,395	893,395	867,790	-	867,790	97%
844	MH RANCH RSMNT 2004A	1,420	598,873	598,873	179,393	-	179,393	30%
845	MADRONE BP-TAX EXEMPT	676,964	800,730	800,730	1,183,087	-	1,183,087	148%
846	MADRONE BP-TAXABLE	215,924	175,480	175,480	319,726	-	319,726	182%
848	TENNANT AVE BUS PARK AD	-	-	-	-	-	-	n/a
881	POLICE DONATION TRUST	-	-	-	-	-	-	n/a
TOTAL AGENCY FUNDS		1,234,386	2,468,478	2,468,478	3,275,132	-	3,275,132	133%
REPORT TOTAL		6,871,084	82,877,685	109,751,399	58,582,781	10,712,449	69,295,230	63%



YTD INCOME STATEMENT FOR CURRENT AND PRIOR YEAR

	Sewer Operations				Water Operations			
	Budget	YTD	% of Budget	Prior YTD	Budget	YTD	% of Budget	Prior YTD
Operations								
Revenues								
Service Charges	\$ 5,459,000	\$ 4,390,482	80%	\$ 4,406,418	\$ 5,821,375	\$ 4,933,880	85%	\$ 5,064,605
Meter Install & Service					40,000	101,176	253%	34,303
Other	110,500	135,218	122%	138,178	279,688	601,714	215%	450,480
Total Operating Revenues	5,569,500	4,525,700	81%	4,544,596	6,141,063	5,636,770	92%	5,549,388
Expenses								
Operations	4,682,409	3,712,445	79%	3,881,977	4,750,307	3,925,257	83%	3,807,821
Meter Reading/Repair					637,156	508,491	80%	487,655
Utility Billing/Water Conservation					399,783	361,996	91%	299,690
Total Operating Expenses	4,682,409	3,712,445	79%	3,881,977	5,787,246	4,795,744	83%	4,595,166
Operating Income (Loss)	887,091	813,255		662,619	353,817	841,026		954,222
Nonoperating revenue (expense)								
Interest Income	59,437	94,106	158%	94,031	16,848	101,368	602%	51,224
Interest Expense/Debt Services	(573,410)	(572,296)	100%	(586,625)	(243,249)	(134,848)	55%	(158,960)
Principal Expense/Debt Services	(975,000)	(975,000)	100%	(1,115,000)	(310,296)	(42,962)	14%	(31,260)
Total Nonoperating revenue (expense)	(1,488,973)	(1,453,190)		(1,607,594)	(536,697)	(76,442)		(138,996)
Income before operating xfers	(601,882)	(639,935)		(944,975)	(182,880)	764,584		815,226
Operating transfers in	-	-		-	2,500,000	-		871,487
Operating transfers (out)	(220,000)	(183,333)	83%	(719,404)	(420,000)	(350,000)	83%	(503,507)
Net Income (Loss)	\$ (821,882)	\$ (823,268)		\$ (1,664,379)	\$ 1,897,120	\$ 414,584		\$ 1,183,206



City of Morgan Hill
Balance Sheets - Water and Sewer Funds
For the Month of April 2005
83% of Year Completed

	Sewer Operations (640)	Sewer Expansion Stabilization Capital Projects (641-643)	Water Operations (650)	Water Expansion Stabilization Capital Projects (651-653)
ASSETS				
Cash and investments:				
Unrestricted	2,272,127	6,213,782	3,156,665	4,045,408
Restricted ¹	1,894,265	6,960,984	410,635	5,991,144
Accounts Receivable		8,239		588
Utility Receivables	646,824		653,418	
Less Allowance for Doubtful Accounts	(16,091)		(19,501)	
Notes Receivable ²		9,773	273,764	
Fixed Assets ³	31,101,346	11,110,295	24,500,753	10,533,791
Total Assets	<u>35,898,471</u>	<u>24,303,073</u>	<u>28,975,734</u>	<u>20,570,931</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	273,516	110,627	75,715	
Deposits for Water Services & Other Deposits			41,038	
Deferred Revenue ⁴				
Bonds Payable	24,275,000		5,830,437	
Discount on Bonds and Other Liabilities	(2,565,506)		(978,154)	273,762
Accrued Vacation and Comp Time	53,324		91,554	
Total liabilities	<u>22,036,334</u>	<u>110,627</u>	<u>5,060,590</u>	<u>273,762</u>
FUND EQUITY				
Contributed Capital	7,735,831		14,356,292	
Retained Earnings				
Reserved for:				
Noncurrent water/sewer assets & debt	9,338,528	11,110,295	19,830,680	10,260,029
Encumbrances	79,476	474,485	680,752	3,357,290
Notes Receivable		9,773		
Restricted Cash	1,894,265		410,635	5,991,144
Total Reserved Retained Earnings	11,312,269	11,594,553	20,922,067	19,608,463
Unreserved Retained Earnings	2,549,868	12,597,893	2,993,077	688,706
Total Fund Equity	<u>13,862,137</u>	<u>24,192,446</u>	<u>23,915,144</u>	<u>20,297,169</u>
Total Liabilities and Fund Equity	<u>35,898,471</u>	<u>24,303,073</u>	<u>28,975,734</u>	<u>20,570,931</u>

¹ Restricted for Bond Reserve requirements and capital expansion.

² Includes Note for Sewer Financing Agreements.

³ Includes Water and Sewer infrastructure and the City's share of the Wastewater treatment plant.

⁴ Includes the deferred payment portion of the loans noted above.



City of Morgan Hill
Balance Sheets for Major Funds - Fiscal Year 2004/05
For the Month of April 2005
83% of Year Completed

ASSETS

Cash and investments:

Unrestricted

Restricted ¹

Accounts Receivable

Utility Receivables (Sewer and Water)

Less Allowance for Doubtful Accounts

Loans and Notes Receivable ²

Prepaid Expense

Fixed Assets ³

Total Assets

LIABILITIES

Accounts Payable and Accrued Liabilities

Deposits for Water Services & Other Deposits

Deferred Revenue ⁴

Bonds Payable

Discount on Bonds and Other Liabilities

Accrued Vacation and Comp Time

Total liabilities

FUND EQUITY

Contributed Capital

Fund Balance / Retained Earnings

Reserved for:

Noncurrent water/sewer assets & debt

Encumbrances

Restricted Cash

RDA properties held for resale

Loans and Notes Receivable

Total Reserved Fund Equity

Designated Fund Equity ⁵

Unreserved/Undesignated Fund Equity

Total Fund Equity

Total Liabilities and Fund Equity

General Fund (Fund 010)	RDA (Fund 317)	L/M Housing (Fund 327/328)	Sewer (Fund 640)	Water (Fund 650)
9,380,495	12,786,011	8,544,912	2,272,127	3,156,665
6,150			1,894,265	410,635
851,799	28,992	32,959		
			646,824	653,418
			(16,091)	(19,501)
425,888	3,597,338	28,258,875	411	273,764
11,686				
	71,049		31,101,346	24,500,753
10,676,018	16,483,390	36,836,746	35,898,882	28,975,734
1,276,421	719,822	19,973	273,516	75,715
23,360				41,038
427,568	3,625,719	28,530,124		
			24,275,000	5,830,437
			(2,565,506)	(978,154)
			53,324	91,554
1,727,349	4,345,541	28,550,097	22,036,334	5,060,590
			7,735,831	14,356,292
			9,338,528	19,830,680
534,008	2,491,082	109,472	79,476	680,752
	71,049		1,894,265	410,635
534,008	2,562,131	109,472	11,312,269	20,922,067
4,109,213				
4,305,448	9,575,718	8,177,177	2,550,279	2,993,077
8,948,669	12,137,849	8,286,649	13,862,548	23,915,144
10,676,018	16,483,390	36,836,746	35,898,882	28,975,734

¹ Restricted for Petty Cash use, Bond Reserve requirements and sewer and water capital expansion.

² Includes Housing Rehab loans, Financing Agreements for Public Works Fees and loans for several housing and Agency projects.

³ Includes Water and Sewer infrastructure, the City's share of the Wastewater treatment plant and RDA properties held for resale.

⁴ Includes the deferred payment portion of the loans noted above.

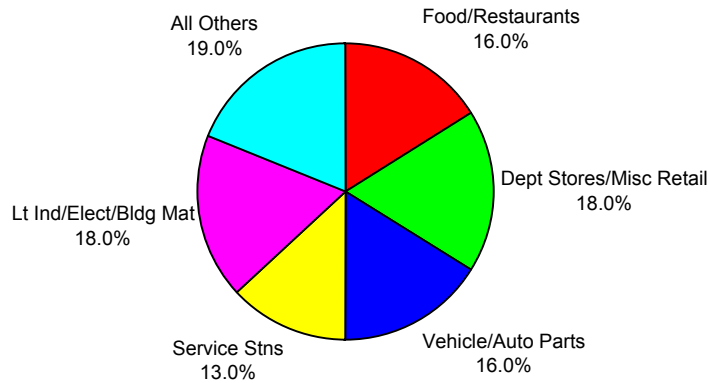
⁵ Designated as a general reserve.



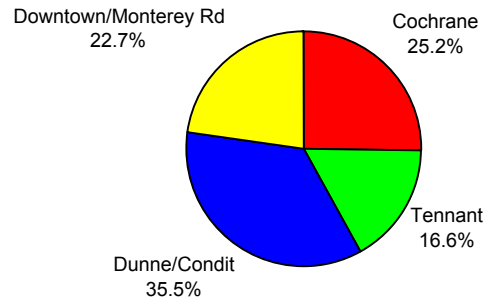
City of Morgan Hill
Sales Tax Comparison - Fiscal Year 2004/05
For the Month of April 2005
83% of Year Completed

Month	Amount Collected for Month for Fiscal Year			Amount Collected YTD for Fiscal Year			Comparison of YTD for fiscal years	
	04/05	03/04	02/03	04/05	03/04	02/03	04/05 to 03/04	04/05 to 02/03
July	\$307,500	\$338,300	\$367,600	\$307,500	\$338,300	\$367,600	(30,800)	(60,100)
August	\$401,200	\$451,000	\$447,000	\$708,700	\$789,300	\$814,600	(80,600)	(105,900)
September	\$518,724	\$232,994	\$361,932	\$1,227,424	\$1,022,294	\$1,176,532	205,130	50,892
October	\$223,145	\$316,100	\$354,915	\$1,450,569	\$1,338,394	\$1,531,447	112,175	(80,878)
November	\$299,300	\$421,400	\$474,800	\$1,749,869	\$1,759,794	\$2,006,247	(9,925)	(256,378)
December	\$442,460	\$331,624	\$384,154	\$2,192,329	\$2,091,418	\$2,390,401	100,911	(198,072)
January	\$708,525	\$349,500	\$368,600	\$2,900,854	\$2,440,918	\$2,759,001	459,936	141,853
February	\$297,415	\$428,600	\$487,195	\$3,198,269	\$2,869,518	\$3,246,196	328,751	(47,927)
March	\$564,262	\$292,930	\$225,908	\$3,762,531	\$3,162,448	\$3,472,104	600,083	290,427
April	\$214,162	\$340,500	\$292,698	\$3,976,693	\$3,502,948	\$3,764,802	473,745	211,891
May		\$385,525	\$394,500		\$3,888,473	\$4,159,302		
June		\$261,782	\$477,624		\$4,150,255	\$4,636,926		
Year To Date Totals				\$3,976,693	\$4,150,255	\$4,636,926		
Sales Tax Budget for Year				\$4,600,000	\$4,650,000	\$5,330,000		
Percent of Budget				86%	89%	87%		
Percent of increase(decrease)							14%	6%

**Sales Tax Distribution
by Business Segment
Second Quarter 2004**



**Sales Distribution
by Area
Second Quarter 2004**





CITY COUNCIL STAFF REPORT

MEETING DATE: May 25, 2005

ACCEPTANCE OF THE DUNNE AVENUE/HIGHWAY 101 INTERCHANGE IMPROVEMENT PROJECT LANDSCAPING

RECOMMENDED ACTIONS:

1. Accept as complete the Landscaping for the Dunne Avenue/Highway 101 Interchange Improvement Project including the three year landscape maintenance period.
2. Direct the City Clerk to file the attached Notice of Completion with the County Recorder's office.

EXECUTIVE SUMMARY:

The contract for the construction of the Dunne Avenue/Highway 101 Interchange Improvements Project was awarded to FCI Constructors, by the City Council at their November 3, 1999, meeting in the amount of \$3,138,149. The project resulted in widening of the Dunne Avenue bridge and installation of the northbound loop on-ramp for the East Dunne Avenue/Route 101 Interchange.

The Council also approved a change order to FCI Constructors at their May 23, 2001 meeting in the amount of \$575,248 for the installation of landscaping and irrigation systems. This change order resulted in a revised contract amount of \$3,849,549 including the installation of landscaping. During the course of the landscaping approval process, Caltrans required a three year plant establishment maintenance period for the planting. FCI Constructors final contract amount included \$86,756.37 for performing the maintenance through March 2005.

Beginning in April 2005, Caltrans has the responsibility to maintain the landscaping. Staff contacted Caltrans inquiring about their current and near term future landscape maintenance program. Caltrans stated that they have very limited resources for this region and they will not be able to maintain this area at the level to which the City may be accustomed and Caltrans provided the attached regarding their increased workload and reduced maintenance work staff.

FISCAL IMPACT: There is no fiscal impact of this action.

Agenda Item # 3

Prepared By:

Senior Civil Engineer

Approved By:

Public Works Director

Submitted By:

City Manager

Record at the request of
and when recorded mail to:

CITY OF MORGAN HILL
CITY CLERK
17555 Peak Avenue
Morgan Hill, CA 95037

RECORD AT NO FEE PURSUANT TO GOVERNMENT CODE SECTION 27383

NOTICE OF COMPLETION
CITY OF MORGAN HILL

DUNNE AVENUE/HIGHWAY 101 INTERCHANGE IMPROVEMENTS PROJECT LANDSCAPING

NOTICE IS HEREBY GIVEN, pursuant to Section 3093 of the Civil Code of the State of California, that the Director of Public Works of the City of Morgan Hill, California, on the 25th day of May, 2005, did file with the City Clerk of said City, the contract for performing work which was heretofore awarded to FCI Constructors, on November 3, 1999, in accordance with the plans and specifications for said work filed with the City Clerk and approved by the City Council of said City.

That said improvements were substantially completed on April 1, 2005, accepted by the City Council on May 25, 2005, and that the name of the surety on the contractor's bond for labor and materials on said project is Liberty Mutual Insurance Company.

That said improvements consisted of the three maintenance of the landscaping and irrigation system, all as more particularly described in the plans and specifications therefore approved by the City Council of said City.

Name and address of Owner: City of Morgan Hill
17555 Peak Avenue
Morgan Hill, California

Dated: _____, 2005

Jim Ashcraft, Director of Public Works

I certify under penalty of perjury that the foregoing is true and correct.

Irma Torrez, City Clerk
City of Morgan Hill, CA
Date:



CITY COUNCIL STAFF REPORT

MEETING DATE: *May 25, 2005*

TURF REPLACEMENT REBATE PROGRAM

RECOMMENDED ACTION(S):

Authorize the City Manager to execute the Memorandum of Understanding (MOU) with the Santa Clara Valley Water District subject to the review and approval of the City Attorney

EXECUTIVE SUMMARY: The City has cooperatively implemented water conservation projects with the Santa Clara Valley Water District for over a decade. As the water wholesaler for the region, the District is a direct signatory to the State's MOU for urban water conservation and takes the lead on most local water conservation initiatives. As the local retailer, the City advertises the District's programs and provides the District with the data needed for program evaluation.

The City has included the provision of a financial assistance program in the Water Conservation Workplan adopted by the Council last summer. As originally envisioned, City customers agreeing to remove turf and replace it with water-efficient plantings would receive financial incentives to do so. In recent months, City staff has learned that the District is intending to implement a very similar landscaping rebate program as described in the attached summary. Rather than administer a new local program separately, staff is recommending that the City contribute to the District's new program as a way to both enhance administrative efficiencies and bring more of the District's money into the City. Formally agreeing to participate with the District in this program and matching the District's funding is a primary purpose of the attached MOU.

The MOU's second purpose is to formally record the District's willingness to provide the City with \$15,000 in funding for the Civic Center Water Conservation Demonstration Garden. At the Council's suggestion, City staff have provided the District with information about the planned Garden and asked for their financial support. District staff were able to identify \$15,000 in conservation funds that they are recommending for Garden support. It is proposed that Garden signage will acknowledge this support appropriately.

Staff recommends that the Council authorize the City Manager to execute the attached MOU subject to the review and approval of the City Attorney.

FISCAL IMPACT: An appropriation of \$50,000 has been included in the proposed 2005/2006 Water Conservation budget in account 650.42299.5760 to support the landscaping rebate program. The funding source for this activity is appropriately the Water Fund as the water conserved by the program will extend water supplies.

Agenda Item # 4

Prepared By:

Program Administrator

Approved By:

Public Works Director

Submitted By:

City Manager

MEMORANDUM OF UNDERSTANDING BETWEEN THE SANTA CLARA VALLEY WATER DISTRICT AND THE CITY OF MORGAN HILL FOR WATER CONSERVATION PROGRAMS

This MEMORANDUM of UNDERSTANDING (MOU) between the Santa Clara Valley Water District (hereinafter referred to as DISTRICT) and the City of Morgan Hill (hereinafter referred to as MORGAN HILL) sets forth the respective roles of the DISTRICT and MORGAN HILL in regard to the DISTRICT'S WATER EFFICIENT LANDSCAPE PROGRAM (hereinafter referred to as PROGRAM) and MORGAN HILL'S WATER CONSERVATION DEMONSTRATION GARDEN (hereinafter referred to as GARDEN) and is made and entered into as of _____.

RECITALS

WHEREAS the PROGRAM involves providing rebates to qualifying residential and commercial, industrial, and institutional (CII) customers located within the City of Morgan Hill; and

WHEREAS dedicated water efficient landscape rebates are an appropriate measure for the Best Management Practices regarding outdoor irrigation at residential and CII landscape sites addressed in the MOU regarding Urban Water Conservation in California; and

WHEREAS developing a water conservation demonstration garden in Morgan Hill will provide the public with an opportunity to view and learn about water-wise landscaping; and

WHEREAS MORGAN HILL wishes to participate in said PROGRAM; and

WHEREAS DISTRICT wishes to participate in said GARDEN;

NOW, THEREFORE, in consideration of the recitals and mutual obligations of the parties herein expressed, DISTRICT and MORGAN HILL agree as follows:

1. DISTRICT'S RESPONSIBILITIES

- a) Administration of the PROGRAM, including the creation of brochures advertising and applications and the coordination with contractors
- b) Collection and analysis of data to determine water savings
- c) Administration of all PROGRAM funds
- d) Marketing of PROGRAM
- e) Issuance of checks for water efficient landscape rebates to customers
- f) Verification of water efficient landscape installation
- g) Invoice MORGAN HILL on a monthly basis for PROGRAM
- h) Reimburse MORGAN HILL \$15,000 for construction costs of GARDEN once GARDEN is completed. GARDEN will cost approximately \$120,000 to construct in total and will include both demonstration plantings and interpretive signage.
- i) Implement PROGRAM in the City of Morgan Hill

2. MORGAN HILL'S RESPONSIBILITIES

- a) Work cooperatively with DISTRICT in identifying and notifying all qualifying residential, commercial, institutional, and industrial properties
- b) Work cooperatively with DISTRICT in appropriately advertising the PROGRAM to targeted customers

- c) Provide DISTRICT with water usage records and other data necessary to determine savings and cost effectiveness of the PROGRAM
- d) Reimburse DISTRICT \$75 per each 100 square feet of turf removed per qualified residential and/or CII rebate as per PROGRAM requirements up to a maximum of \$50,000 in total for the program providing that the 2005-2006 Budget approved by the Morgan Hill City Council includes a \$50,000 appropriation for this program. If the 2005-2006 Budget approved by the Morgan Hill City Council includes an appropriation for less than \$50,000, the City's total commitment shall automatically be adjusted downward to the amount included in the approved Budget.
- e) Administration of the GARDEN project, including coordination with all contractors
- f) Invoice District for GARDEN once construction completed

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3. CEQA

DISTRICT shall be responsible for assuring that the PROGRAM complies with the requirements of the California Environmental Quality Act (CEQA) and that all necessary documents have been filed.

MORGAN HILL shall be responsible for assuring that the GARDEN complies with the requirements of the California Environmental Quality Act (CEQA) and that all necessary documents have been filed.

4. HOLD HARMLESS AND LIABILITY

MORGAN HILL and DISTRICT each agree to mutually indemnify, defend at its own expense, including attorneys' fees, and hold each other harmless from and against all claims, costs, penalties, causes of action, demands, losses and liability of any nature whatsoever, including but not limited to liability for bodily injury, sickness, disease or death, property damage (including loss of use) or violation of law, caused by or arising out of or related to an negligent act, error or omission, or willful misconduct of that party, its officers or employees, or any other agent acting pursuant to its control and performing under this agreement.

5. DOCUMENT REVIEW

DISTRICT and MORGAN HILL will make available for inspection to the other party, upon reasonable advance written notice, all records, books and other documents relating to the PROGRAM and GARDEN.

6. TERM

The term of the MOU shall be **from July 1, 2005 until June 30, 2007**. The term of the MOU may be extended by mutual written consent of the Parties to accommodate the collection of data.

7. NOTICE

Any notice, payment, credit or instrument required or permitted to be given hereunder shall be deemed received upon personal delivery or five (5) days after deposit in any United States mail depository, first class postage prepaid and addressed to the party for

whom intended; or on the same day as a facsimile or email transmission is sent as long as original is placed in the mail on the same day.

If to DISTRICT:

Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3614
Attn: Jerry De La Piedra,
Senior Water Conservation Specialist
Facsimile: (408) 979-5639
Email: gdelapiedra@valleywater.org

If to MORGAN HILL:

Public Works Director
City of Morgan Hill
17555 Peak Avenue
Morgan Hill, CA 95037

with a copy to:
City Clerk
17555 Peak Avenue
Morgan Hill, CA 95037

Facsimile: (408) 779-3117

Email: jim.ashcraft@morgan-hill.ca.gov

Either party may change such address and contact person by notice given to the other party as provided herein.

8. AMENDMENTS

The MOU may be amended as circumstances necessitate by written agreement executed by both parties.

9. ASSIGNMENT

Neither party shall assign, sublet, or transfer this agreement or any of the rights or interests in this agreement without the written consent of the other party.

10. SEVERABILITY

The partial or total invalidity of one or more parts of this MOU will not affect the intent or validity or remaining parts of this MOU.

11. GOVERNING LAW

This MOU will be deemed a contract under the laws of the State of California and for all purposes shall be interpreted in accordance with such laws.

12. TERMINATION OF AGREEMENT

This MOU may be terminated by either party hereto for any reason upon thirty- (30) days written notice to the other Party.

13. SIGNATURES

The individuals executing this MOU represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.

In WITNESS WHEREOF, the parties have executed this MOU as of the effective date.

**CITY OF MORGAN HILL, CALIFORNIA,
a California municipal corporation**

APPROVED AS TO FORM:

ATTEST:

City Attorney

City Manager

**SANTA CLARA VALLEY WATER DISTRICT,
a Public Entity**

APPROVED AS TO FORM:

EMILY J. COTE
Assistant District Counsel

STANLEY M. WILLIAMS
Chief Executive Officer

Water-Efficient Landscape Rebate Program Summary

- The Water Efficient Landscape Rebate Program (WELRP) provides rebates to residential and nonresidential customers for the removal of irrigated turf and installation of a qualifying replacement product: drought-tolerant native or non-native plants (the plants must be from the District's approved list), and/or permeable hardscape (e.g. pavers, flagstone, brick, decks, gravel, rocks, bark, and mulch).
- If an irrigation system is used, a drip, soaker, low precipitation, bubbler, microspray, or underground irrigation system is required. The irrigation system must be hydrozoned, with turf and shrubs watered separately from each other (i.e. served through a separate valve that can be controlled independently). The irrigation system must have a backflow prevention device. Spray/sprinkler systems are not allowed. For areas landscaped with drought-tolerant plants, the soil must be covered by a minimum of 2 inches of mulch. Common mulches are gravel or bark but other types of mulch may qualify. A layer of impervious plastic that underlies the mulch is not permitted.
- The rebate amount is based on the amount of turf removed and is \$75/100 ft² or 100% of the project's costs (labor costs excluded), whichever is less. The maximum rebate amount for nonresidential customers is \$10,000 and the maximum rebate amount for residential customers is \$1,000. Participants must agree to leave the landscape in place for 5 years. The rebate must be subtracted from all other rebates.
- District staff/Contractor will perform a pre-installation inspection prior to application approval; customers will be notified in writing that their application has been approved. District staff/Contractor will verify that the conversion to a water-efficient landscape adhered to program guidelines. 100% of all sites will receive a pre- and post-installation inspection.



CITY COUNCIL STAFF REPORT

MEETING DATE: May 25, 2005

VECTOR CONTROL DISTRICT BALLOTING

RECOMMENDED ACTION(S):

Authorize the City Manager to Vote "Yes" to the Vector Control District Mail-In Ballot

EXECUTIVE SUMMARY: The Santa Clara County Vector Control District provides a large number of important services to the community. The recent spread of the West Nile Virus disease to our area has made the District's mosquito control efforts more essential than ever. In addition to mosquito control, the District controls rodents, inspects facilities, provides public education, and prevents the spread of diseases.

Like many governmental entities, the District is being squeezed by simultaneous increases in needs and costs with revenues that are relatively stagnant. To address these needs, the District is conducting a mail-in election for an additional assessment. The added amount for most single-family homes and small parcels is \$8.36 per year.

The City owns a large number of parcels in various parts of the City. While most of these are exempt from both property taxes and assessments, some are not. The City has recently received 13 ballots for a total of 146 parcels that it owns. Given the large number of exempt parcels, the total amount of the additional assessment will be \$646.56 if the proposal passes.

Staff recommends that the Council authorize the City Manager to vote "yes" on this ballot measure in recognition to the benefit provided to the entire community by the District.

FISCAL IMPACT: The total annual additional cost of the new assessment is \$646.56 according to the ballots received. When the bills are received for the assessment, the costs will be charged to the Department's owning the individual properties.

Agenda Item # 5

Prepared By:

Program Administrator

Approved By:

Public Works Director

Submitted By:

City Manager

**CITY OF MORGAN HILL
JOINT SPECIAL AND REGULAR CITY COUNCIL
AND SPECIAL REDEVELOPMENT AGENCY MEETING
MINUTES – MAY 18, 2005**

CALL TO ORDER

Mayor Pro Tempore/Vice-Chairman Tate called the special meeting to order at 6:00 p.m.

ROLL CALL ATTENDANCE

Present: Mayor Pro Tempore/Vice-Chairman Tate, Council/Agency Members Carr, Grzan, Sellers
Absent: Mayor/Chairman Kennedy

DECLARATION OF POSTING OF AGENDA

City Clerk/Agency Secretary Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

City Council and Redevelopment Agency Action

CLOSED SESSIONS:

Mayor Pro Tempore/Vice-Chairman Tate announced the following closed session items:

1.

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Authority: Government Code Sections 54956.9(b) & (c)
Number of Potential Cases: 3

2.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:

Authority: Pursuant to Government Code 54956.9(a)
Case Name: General Lighting Service, Inc. v. Wells Construction Group, et al. [Consolidated
Actions]
Case Number: Santa Clara County Superior Court, Lead Case No. 1-04-CV-025561

OPPORTUNITY FOR PUBLIC COMMENT

Mayor Pro Tempore/Vice-Chairman Tate opened the Closed Session items to public comment. No comments were offered.

ADJOURN TO CLOSED SESSION

Mayor Pro Tempore/Vice-Chairman Tate adjourned the meeting to Closed Session at 6:02 p.m.

RECONVENE

Mayor Pro Tempore/Vice-Chairman Tate reconvened the meeting at 7:00 p.m.

CLOSED SESSION ANNOUNCEMENT

Interim City Attorney/Agency Counsel Siegel announced that no reportable action was taken under closed session item No. 1, anticipated litigation; and that under closed session item 2, existing litigation in the case of General Lighting Services, Inc. v. Well Construction Group, et al., direction was given to the Council concerning a legal strategy. He indicated that there is nothing to report on this case at this time.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

At the invitation of Mayor Pro Tempore/Vice-Chairman Tate, Daryl Manning, head of the Fourth of July celebration committee, led the Pledge of Allegiance.

RECOGNITIONS

Mayor Pro Tempore Tate recognized and thanked outgoing Library Commissioner Ruth Phebus for her years of service to the City and the community. He deferred recognition of George Nale and Kathleen Keeshen to later on the agenda.

Chris Hoag presented and received the Bicycle & Trails Advisory Committee award on behalf of Bob Eltgroth in recognition of his furtherance of trails and bicycling in the community.

INTRODUCTIONS

Chief of Police Cumming introduced three new Police staff members: Nathan Mazon, Multi-Service Officer; Lisa Pritsch, Public Safety Dispatcher and Keri Hulihan, Public Safety

Deputy Director of Public Works Struve introduced two new Public Works staff members: Ann Beale, Maintenance Supervisor, and Rudy Zamarron, Maintenance Worker.

PRESENTATIONS

Daryl Manning extended an invitation to the City Council and the community to attend Silicon Valley Open Studios to be held on May 21 and 22, 2005 from 11:00 a.m. – 5:00 p.m. at the Community & Cultural Center. She indicated that this is the second year that the City of Morgan Hill has sponsored an open studio studies group site at the Community & Cultural Center. She thanked the Council for its continued support of Independence Day, Inc. Fourth of July programming activities.

RECOGNITION

Mayor Pro Tempore Tate recognized and thanked outgoing Library Commissioner George Nale for his years of service and support to the City, library and the community. He presented him with a gift in appreciation.

Mr. Nale thanked the Council for the new Library, Council Member Tate for his devotion to the library project, and Mayor Kennedy for being the swing vote when it counted. He further thanked the citizens for Morgan Hill for making their voices heard when it counted, voting funds to keep the library open.

Programs Manager Eulo announced the Environmental Poster Contest Winners for the art work submitted as follows: K-3rd grade: 1st place – Patrick McLaughlin; 2nd place - Skyler Fraga, and 3rd place - Kaitlyn Lombardo; 4th – 6th grade: 1st place - Mitch Marcum, 2nd place - Emma Fladeboe and 3rd place - Jaime Webb; 7th – 9th grade: 1st place – Danielle Cartier, 2nd place – Mina Park, and 3rd place - Andrea Ferriera; and 10th – 12th grade: 1st place - Jina Park, 2nd place – Elizabeth De La Torre; and 3rd place - Israel Herrera.

Mayor Pro Tempore Tate acknowledged that Bob Eltgroth arrived and congratulated him on receiving an award from his peers, the Bicycle & Trails Advisory Committee.

Mr. Eltgroth announced Bike to Work Week and that tomorrow is Bike to Work Day. He indicated that the Bicycle & Trails Advisory Committee is running the energizer station at the Caltrain station.

Dan Ehrler and Bob Martin, Morgan Hill Chamber of Commerce, presented a video that focuses on economic development, a result of one of the efforts of the economic development partnership. Mr. Martin indicated that the video was presented in lieu of the normal quarterly report that was presented to the Council in March. He informed the Council that a video on tourism has also been produced.

CITY COUNCIL REPORT

Mayor Pro Tempore Tate indicated that he serves on the Financial Policy and the Public Safety & Community Services Committees. He stated that the Financial Policy Committee is dedicating a large portion of its agenda to having a conversation with the community about the state of the City's budget and city services. He indicated that the City needs to understand what services the public values and that it would like to receive input from the public on the services it wants, needs, and how these services are to be provided in terms of the budget. He stated that the process has been started with a survey being undertaken. The results of the survey will be used, as well as other vehicles, to allow the Council and City staff to have discussions with the public and receive public input; determining where the City will be heading in the future to get the budget back in balance. He noted that the City is currently in deficit spending to provide the services the community is receiving. He said that the City has to move out of the deficit spending into a profitable mode. The City will need to figure out how to do so. He said the Council will be spending a great part of this year on this effort. He stated that the Public Safety & Community Services Committee held a meeting earlier this afternoon. He said that this committee is getting organized and trying to figure out how to interface with some of the commissions and

committees within the City and be of service to the Council in terms of making the Council's job easier. He indicated that he had the privilege of being able to work in conjunction with the Youth Advisory Committee on a table last week at Art a La Cart. The table allowed the assembly of safari hats for the children who attended the event. He stated that the Youth Advisory Committee received a grant from Project Cornerstone. The grant will be used to sponsor two events: a band concert to be held on June 4, 5:30 – 9:00 p.m., at the amphitheater outside the Community & Cultural Center; and the annual Cultural Dance show to be held in November. He said that he has fun working with the Youth Advisory Committee and the youth in the community as he finds it a rewarding experience. He and Roger Knopf are working with the Centennial Committee that is planning a year-long celebration in 2006 as Morgan Hill will be turning 100 years old. He indicated that they are working on a millennium project, although it is not known what the project will be. He and Mr. Knopf have started brain storming sessions and that they have set aside some time on June 7 to host a community meeting to discuss possible projects. He invited the community to be involved in this project so that everyone can contribute to a lasting item that will be within the community. He invited individuals interested in participating on this project to the June 7 meeting. He stated his appreciation of the support given by the voters of the City of Morgan Hill to Measures A and B, the mail in ballot for library services. He indicated that Measure A ensures that the library is opened as often as it is at this time; Measure B would have restored the Monday hours and other services lost. He said that the citizens of Morgan Hill passed both Measures and demonstrated strongly that they want the new library to be opened in 2007 as much as possible. He stated that he would dedicate time figuring out a way to keep the new library open as much as possible.

CITY MANAGER REPORT

City Manager Tewes invited the community to the Community Recreation Center's groundbreaking celebration on May 31 at 5:30 p.m. The Center is to be constructed adjacent to Community Park located on Edmundson Avenue.

CITY ATTORNEY REPORT

Interim City Attorney Siegel stated that he did not have a report to present this evening.

OTHER REPORTS

PUBLIC COMMENT

Mayor Pro Tempore/Vice-Chairman Tate opened the floor to public comments for items not appearing on this evening's agenda. No comments were offered.

City Council Action

CONSENT CALENDAR:

Mayor Pro Tempore Tate noted that the City Clerk distributed a substitute set of minutes for item 11 on the Consent Calendar (April 26, 2005 Council minutes).

Council Member Carr requested that item 8 and Council Member Grzan requested that item 1 be pulled from the Consent Calendar.

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council, on a 4-0 vote with Mayor Kennedy absent, **Approved** Consent Calendar Items 2-7, and 9-12 as follows:*

2. **LEASE WITH SOLARA ENERGY**

Action: **Authorized** the City Manager to Amend the Lease Agreement, Subject to Review by the City Attorney, with Solara Energy to: 1) **Allow** Solara to Install Roll-up Door Improvements and be reimbursed by the City for the Costs; 2) **Change** the Lease Start Date from April 1, 2005 to May 1, 2005; and 3) **Make Revisions**, as Needed, to Clarify the Lease Terms.

3. **AWARD OF PROFESSIONAL SERVICES AGREEMENT FOR DESIGN OF TENNANT AVENUE WIDENING PROJECT**

Action: 1) **Approved** Additional Scope of Work for Design Work for the Tennant Avenue Widening Project to MH Engineering for \$27,204; and 2) **Authorized** the City Manager to Execute a Professional Service Agreement for an Amount Not to Exceed a Total of \$53,742 for Design Services for the Tennant Avenue Widening Project, Subject to Review and Approval as to Form by the City Attorney.

4. **AMENDMENT TO THE 2004 MEMORANDUM OF UNDERSTANDING (MOU) TO CONDUCT A REGIONAL ANNUAL INTEGRATED PEST MANAGEMENT PROGRAM**

Action: **Approved** Amendment No. 1, Establishing a Trust Fund for the Integrated Pest Management Program.

5. **ACCEPTANCE OF SUBDIVISION IMPROVEMENTS FOR TRACT 9462, QUAIL CREEK PHASE II**

Action: 1) **Adopted** Resolution No 5906, Accepting the Subdivision Improvements Included in Tract 9462, Commonly Known as Quail Creek Phase II; and 2) **Directed** the City Clerk to File a Notice of Completion with the County Recorder's Office.

6. **FINAL UPDATE ON DEVELOPMENT PROCESSING SERVICES STUDY IMPLEMENTATION**

Action: **Accepted** Final Report on the Implementation Status of Development Processing Services Study Recommendations.

7. **RESIDENTIAL DEVELOPMENT CONTROL SYSTEM (RDCS) 2005 QUARTERLY REPORT #1**

Action: **Accepted** and **Filed** the RDCS First Quarter Report for 2005.

9. **AMENDMENT TO MANAGEMENT RESOLUTION**

Action: **Adopted** Resolution No. 5907, Amending the Management, Professional and Confidential Employees Resolution No. 5872 to Change the Salary Range for the Position of Utility Systems Manager; to Change the Title of the Police Supports Services Supervisor to Police Support Services Manager and to Change to the Salary Range for that Position; and to Delete the Position of Human Resources Supervisor.

10. **ADOPT ORDINANCE NO. 1723, NEW SERIES**

Action: **Waived** the Reading, and **Adopted** Ordinance No. 1723, New Series, and **Declared** That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: ***AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 619, NEW SERIES AND ORDINANCE NO. 955, NEW SERIES, ESTABLISHING A LIST OF PERMITTED AND CONDITIONAL USES ON A 4.8 ACRE INDUSTRIAL PLANNED UNIT DEVELOPMENT ON THE WEST SIDE OF VINEYARD BOULEVARD, NORTH OF VINEYARD COURT. (APN 817-02-055 thru 062) (ZAA-89-16: Church-LaBrucherie).***

11. **MINUTES OF SPECIAL CITY COUNCIL COYOTE VALLEY SPECIFIC PLAN WORKSHOP OF APRIL 26, 2005**

Action: **Approved** the minutes as amended.

12. **MINUTES OF SPECIAL CITY COUNCIL MEETING OF MAY 4, 2005**

Action: **Approved** the minutes as written.

1. **THIRD QUARTER REPORT ON 2004-2005 WORKPLAN**

Council Member Grzan requested an amendment to the Bicycle & Trails Advisory Committee's workplan. He noted that this workplan does not contain an item relating to trails and requested that the trails master plan be added to the workplan.

Assistant to the City Manager Dile stated that item 1 relates to City staff workplan adopted at the beginning of Fiscal Year 2004-05. It was her belief that Council Member Grzan may be referring to item 13 that includes the boards, committees and commissions workplan items.

City Manger Tewes indicated that staff is aware of Council Member Grzan's suggestion and that the revised workplan from the Bicycle & Trails Advisory will be presented to the Council for its review on Friday, May 20.

Action: On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council, on a 4-0 vote with Mayor Kennedy absent, **Accepted** the Report.

8. **EXTEND TERMS OF OFFICE FOR THREE CURRENT PLANNING COMMISSIONERS**

Council Member Carr noted that it is being requested that the Council conduct Planning Commission and ARB interviews on June 8 at 5:30 p.m. He stated that the Council has also scheduled the possible hearing of the Vierra appeal at 7:00 p.m. He indicated that the hearing at 7:00 p.m. may be canceled. He said that he would only be interested in conducting interviews if the hearing on the appeal is to take place.

Council Grzan requested the discussion on the selection process as he would like to review alternatives to the ranking process and have an open discussion.

Mayor Pro Tempore Tate noted that Mayor Kennedy has made a suggestion in terms of a delayed sequence between interviews and appointments. He recommended that this discussion take place before conducting interviews.

Council Member Carr felt that there are questions regarding the appointment process, and not just the dates of appointments.

Mayor Pro Tempore Tate requested that staff agendize the discussion of the appointment process prior to conducting interviews.

Council Member Sellers noted that the first time that all Council Members are scheduled to be in attendance at a meeting is June 15, 2005. Should the Council hold the discussion of the appointment process, it would further delay implementation and interviews until July.

Action: *On a motion by Council Member Carr and seconded by Council Sellers, the City Council, on a 4-0 vote with Mayor Kennedy absent: 1) **Extended** Terms of Office for Three Current Planning Commissioners Until Such Time that the City Council Concludes the Interview and Appointment Process; and 2) **Extended** Terms of Office for Three Current Architectural Review Board Members Until Such Time that the Vacancies are Filled.*

City Council and Redevelopment Agency Action

CONSENT CALENDAR:

Council/Agency Member Carr requested that item 13 be pulled from the Consent Calendar.

Action: *On a motion by Council/Agency Member Sellers and seconded by Council/Agency Member Carr, the City Council/Agency Board, on a 4-0 vote with Mayor Kennedy absent, **Approved** Consent Calendar Item 14 as follows:*

14. MINUTES OF JOINT SPECIAL AND REGULAR CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING OF MAY 4, 2005

Action: ***Approved** the minutes as written.*

13. CITY MANAGER'S PROPOSED FISCAL YEAR 2005-2006 BUDGET AND CAPITAL IMPROVEMENT PROGRAM

Council/Agency Member Carr noted that the Council/Agency Board will be conducting a workshop on workplans coming from the boards, commissions and committees. He indicated that earlier this evening, the Public Safety & Community Services Committee met and discussed the workplans. He said that the Committee has an interest in having a discussion with the different commissions and subcommittees to the commissions presenting workplans. The Committee is requesting authority to meet with the commissions and subcommittees in order to have a discussion on their workplans. The Committee is interested in all but the Planning Commission's workplan coming before the Committee.

Action: *On a motion by Council/Agency Member Sellers and seconded by Council/Agency Member Carr, the City Council, on a 4-0 vote with Mayor Kennedy absent: 1) **Received** the City Manager's Proposed 2005-2006 Budget & Capital Improvement Program; 2) **Set** May 20, 2005 as a Budget Workshop, CIP Workshop, and Workplan Workshop; 3) **Set** June 15, 2005 as a Public Hearing on the Budget; 4) **Set** June 22, 2005 for Adoption of the 2005-2006 Budget; and 5) **Authorized** the Public Safety & Community Services Committee to meet with the commissions and subcommittees to review and discuss respective workplans.*

City Council Action

PUBLIC HEARINGS:

15. ZONING AMENDMENT, ZAA-04-01/ DEVELOPMENT AGREEMENT, DA-04-08: TILTON-GLENROCK – Ordinance Nos. 1724 and 1725, New Series

Senior Planner Linder presented the staff report on a request for the approval of an amendment to the precise development plan for the Capriano project located on the east side of Hale Avenue, across from Tilton Avenue. She indicated that approximately 82 residential units have been constructed thus far. She said that the Residential Planned Development (RPD) amendment would define phases 7-10, 81 remainder units for this development. To be defined this evening is the R-2 area and the remaining R-1 area. She informed the Council that the development plan is supported by the Planning Commission, applicant and staff. Also, requested this evening is the project development agreement that covers the full allocation for this project of 81 building allocations through the year 2009.

Mayor Pro Tempore Tate noted that the Council has been presented with a corrected staff report.

Mayor Pro Tempore Tate opened the public hearing. Rocke Garcia indicated that he would answer any questions the Council may have. No further comments being offered, the public hearing was closed.

Council Member Sellers stated his appreciation of meetings held and the significant amount of work conducted by staff, the applicant and the Planning Commission.

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council, on a 4-0 vote with Mayor Kennedy absent, **Waived** the reading in full of Ordinance No. 1724, New Series, the Zoning Amendment Ordinance.*

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council **Introduced** Ordinance No. 1724, New Series by Title Only as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A PRECISE DEVELOPMENT PLAN FOR PHASES 7, 8, 9 & 10 (81 UNITS) OF THE CAPRIANO/MADRONE CROSSING DEVELOPMENT. THE RESIDENTIAL DEVELOPMENT PLAN COVERS A 68 ACRE SITE LOCATED ON THE WEST SIDE OF MONTEREY ROAD, SOUTH SIDE OF TILTON AVENUE, ON THE EAST SIDE OF HALE AVE. (APNs 764-09-005, 006, 007, 008, 009, 010 & 014), by the following roll call vote: AYES: Carr, Grzan, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: Kennedy.***

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council, on a 4-0 vote with Mayor Kennedy absent, **Waived** the reading in full Ordinance No. 1725, New Series, the Development Agreement Ordinance.*

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council **Introduced** Ordinance No. 1725, New Series, by Title Only as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING DEVELOPMENT AGREEMENT, DA 04-08: TILTON-GLENROCK FOR APPLICATION MP-02-03: TILTON-GLENROCK (APNS 764-9-06, 16, 17, 32 & 33) by the following roll call vote: AYES: Carr, Grzan, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: Kennedy.***

City Council Action

OTHER BUSINESS:

16. SILICON VALLEY SOCCER COMPLEX PROPOSAL

Assistant to the City Manager Dile presented the staff report, indicating that the San Jose Soccer Foundation has been in negotiations with the City of San Jose to construct a regional soccer complex at the Sobrato High School. She stated that the City of Morgan Hill has set aside \$1 million in the Capital Improvement Program to assist with this project. She informed the City Council that \$26,000 has been spent, thus far, on design expenses related to the project. In March, the Foundation requested that the City of Morgan Hill commit the remaining \$974,000 to help with fundraising of their \$6 million construction goal; with ultimate build out costs at \$7 million. She stated that the Public Safety and Community Services Committee has reviewed the request/proposal and recommend that funding be allocated on a matching basis, subject to the development of a contract with the Foundation. This was agreed to last month. However, as of yesterday, the Foundation has requested that the Council defer acting on this request for one month. She informed the Council that the Foundation Board is considering

a site in Hollister in lieu of the Sobrato site due to the delays they are experiencing in working out an agreement with the City of San Jose.

Mayor Pro Tempore Tate opened the floor to public comment. No comments were offered.

Mayor Pro Tempore Tate said that the Public Safety & Community Services Committee spent a lot of time listening to the Foundation's presentation. The Committee inquired whether the Foundation was looking at other sites. He noted that the Foundation has communicated to the City that they are looking at other sites.

Council Member Carr stated that it was disappointing to hear about the new development as the Committee and City Council have been trying to work with and on this project for some time now. He said that the Committee spent the vast majority of their meeting with Foundation members and their consultant in talking about this project. He indicated that the Foundation was very excited about the City's participation and that the City's donation was going to be the catalyst to get their fundraising going in terms of matching funds. He said that it is disappointing to hear that they are having problems with the City of San Jose and with the fact that the Sobrato site may not be viable at this point. He said that a 30-day delay would allow the Committee to have a discussion with the Foundation.

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council, on a 4-0 vote with Mayor Kennedy absent, **Continued** this item for 30-days.*

FUTURE COUNCIL-INITIATED AGENDA ITEMS

None.

RECOGNITION

Mayor Pro Tempore Tate recognized and thanked outgoing Library Commissioner Kathleen Stanaway for her years of service and support to the City, library and the community. He presented her with a gift in appreciation.

ADJOURNMENT

There being no further business, Mayor Pro Tempore/Vice-Chairman Tate adjourned the meeting at 7:47 p.m.

MINUTES RECORDED AND PREPARED BY:

IRMA TORREZ, CITY CLERK/AGENCY SECRETARY



CITY COUNCIL STAFF REPORT

MEETING DATE: MAY 25, 2005

OUTDOOR SPORTS COMPLEX PRIVATE-PUBLIC PARTNERSHIP PROPOSAL ANALYSIS

Agenda Item # 7

Prepared By:

**Recreation &
Community Services
Manager**

Submitted By:

City Manager

RECOMMENDED ACTION(S):

1. Direct City Manager and the Parks and Recreation Commission to continue to explore a full range of options for operations of the Outdoor Sports Complex
2. Decline to enter into an Exclusive Right to Negotiate with any potential private partners at this time
3. Direct Staff to contact CYSA to extend their lease options at the soccer site until June 06
4. Provide direction to staff on the schematic design of phase one of the Outdoor Sports Complex.

EXECUTIVE SUMMARY:

Earlier this year, the City issued a Request For Proposal for a potential public-private partnership at the future Outdoor Sports Complex on Condit Road. The Coliseum Recreation Group (CRG) was the sole responder. Council directed staff to evaluate the proposal against the objectives for the project, and to review the proposal with representatives of Youth Sports Groups and the Parks and Recreation Commission. As stated in the RFP, the selected proposer and the City could enter into an Exclusive Right to Negotiate establishing a short period during which precise business terms would be agreed on and binding contracts drafted.

The objectives for the potential public private partnership were: 1) Develop at least an initial phase of a community oriented sports park with an operating plan to fully recover operating and maintenance without need for General Fund support. 2) Program the site to meet the needs of local youth sports groups. 3) Avoid any adverse competition with the Indoor Recreation Center that might jeopardize its success. 4) Integrate outdoor fields and public areas with any indoor private facilities through coordinated use of space and programs.

In addition to the initial submittal, CRG has met with staff and the various stakeholders and has provided supplemental and clarifying information. The PRC also evaluated the submittals, and recommends that the Council enter into an Exclusive Right to Negotiate with CRG subject to the condition that the non profit sports groups develop a complete operations model prior to authorizing any further design of the Outdoor Sports Complex. The PRC asked the non profits to present their plan at the June PRC meeting.

The city staff has prepared a separate analysis and recommends that we do not move to the ERN phase at this time. We believe a full range of options need to be explored, and the costs and benefits of each evaluated against the CRG proposal. If directed to proceed as recommended, we will return in 120 days with a recommended plan for implementation.

FISCAL IMPACT: FY05-06 CIP has \$2.4million budgeted for construction. There are no funds budgeted for maintenance and operations of the site.



Memorandum

Recreation & Community Services

Date: May 18, 2005
To: Ed Tewes, City Manager
From: Julie Spier, Recreation & Community Services Manager
Subject: The Coliseum Proposal in response to Private-Public Proposal of the Outdoor Sports Complex
cc:

Staff presented the Outdoor Sports Complex (OSC) master conceptual plan and the phase one plan to City Council at the December 15, 2004 Council meeting. The master plan had a cost estimate of \$10.7M. The Phase One plan was estimated at \$2.5million or approximately \$100,000 more than the CIP budget of \$2.4million. The resulting Phase One plan called out for minimum field improvements but required contributions from the local youth group users to complete the project. The value of the needed improvements to be provided by non City resources was approximately \$266,000. The remaining budget shortfall of \$100,000 will require an additional appropriation from RDA, or the General Fund, or the Park Development Fund. An alternative is to scale back the project even further, but at the risk of creating a less than viable level of improvements.

This was the result of a year's work with the youth non-profit sport group representatives and the Parks and Recreation Commission. They were tasked with providing a conceptual plan for a community oriented recreational sports park for youth. The group was also tasked with providing an operating model that did not adversely impact the general fund.

OPERATING MODELS

The group discussed four operating options for Council to consider:

1. City operated with user fees sufficient to meet operations and maintenance costs.
2. Non-profit youth sport groups form an alliance and operate the site without taxpayer support.
3. Privately operated without taxpayer support.
4. Private-Public partnership with shared responsibilities for income generation and cost control.

The following was determined:

1. City operated would carry a field rental rate of \$11.30/hour based on contracting out most maintenance functions. It was believed that this rate could not be supported by the user groups.
2. Non-profit groups were not formalized into an alliance in which to form a partnership relationship, even though this was highly desired by all participants.
3. Privately operated was not endorsed by the user groups.

The Council directed staff to proceed with the public-private partnership model through a request for

proposals to determine if a private partnership would enhance the OSC. Co-location with a private business would possibly enhance the OSC in the following areas:

1. Two facilities co-located might better serve Morgan Hill residents than if they developed “separately” or if the OSC proceeded by itself
2. Two facilities co-located might be able to economize on common costs such as restrooms and common areas
3. Rent payments from the private business might generate income to help pay for operations and maintenance costs
4. Co-locating facilities might generate greater economic benefit in tax revenue than if located separately
5. Co-locating the facilities might allow earlier construction of Phase One than would otherwise be possible through private investment or cash flow process.
6. Private sector might be able to contract for operations of the outdoor fields to achieve lower operations and maintenance costs than could a non-profit group acting alone, or the City contracting out maintenance to private vendors

Using the Phase One construction budget and accommodating the private 110,000 sq. ft. building footprint, the following conditions were to be considered:

1. Operations and maintenance costs of the public site shall be offset by the lease arrangements of the private operator.
2. City/youth sport leagues to retain scheduling control of public sites.
3. Youth sport leagues to operate their concession stands on site.
4. Analysis of impact to IRC to be completed as part of the proposal process.
5. Recognition of the desire of the sub-committee to not have the complex completely privately operated.

The PRC recommended further the following requirements for a public-private partnership:

1. The partnership should result in the loss of no more than two fields currently outlined in the master conceptual plan;
2. Non-profit youth groups should form a formal alliance so they may partner with the City.

THE COLISEUM RECREATION GROUP

The Coliseum Group (CRG) was the sole respondent to the request for proposals with a submittal in March 2005. (See attachment). Staff presented the proposal to Council who then directed staff to provide an initial analysis of the proposal to determine if we should move into the exclusive right to negotiate (ERN) stage. It is staff’s understanding that the proposal calls for an 86,000 sq. ft. building in Phase One with future expansion to 110,000 sq. ft. Approximately 2.5 acres would have to be dedicated to the private building footprint.

CRG is proposing what they describe as a market-rate lease term which will generate about \$80,000 per year at the beginning of the lease. This would recover about 30% of the proposed annual operating costs of the site. This will result in a field rental rate of \$7/hr. for users as compared to the

initial \$11.30/hr without a private partner. Staff understands that a ground lease is a good business model for CRG, but the purpose of the request for proposals was to determine how a private proposal would meet the public objectives for the project. Staff evaluated the benefits using the co-location factors noted above.

The benefits of the private proposal must also be evaluated against possible drawbacks:

1. Setting aside some public land for the private business reduces the number of fields and potential benefits of the OSC
2. The infrastructure requirements of the private business may require significant public investment for which funds have not been identified
3. The private proposal might adversely impact the financial success of the IRC
4. The business goals of the private business might reduce the flexibility of use of the site by festivals, community special events and resident uses.

Staff provided a review in April 2005 and compiled a list of issues that needed clarification which was sent to Doug Payne, President of CRG for response. Mr. Payne provided a formal response to staff's questions as shown in the attachment.

Staff's general comments revolved around:

1. The phasing and supporting outdoor area build-out expectations
2. Insufficient data and analysis to evaluate whether the Coliseum program would compete with the IRC
3. Dependency on the non-profits to take on the responsibility for the outdoor areas with no indicator that the group was working towards this goal
4. Youth Sport Groups specific requirement for their own concession area as a revenue source will not be satisfied with a potential revenue sharing proposal unless it is more specific so they may assess the value of the shared formula
5. Whether the location of the Coliseum Group's building at the OSC was critical to the success of the private proposal.

In our judgment, the proposal did not provide sufficient information supported by analysis to justify moving to ERN because without the following information we cannot reasonably predict that negotiations would lead to a successful resolution:

The proposal did not specify the number of parking spaces needed for the private business to be successful (this number is needed to evaluate whether sufficient parking is available at the outdoor complex or whether further public investments is needed) and the proposal did not include a commitment by the private business to invest in additional parking or to lease additional land needed for parking.

The proposal did not include a commitment to relocate the "corporation yard" or other features need to accommodate the private building.

The proposal suggests that 20-30% of the 300,000 users of the facility would be "from the community". The purpose of the OSC is for community benefit and we cannot confidently

predict that there would be sufficient parking to meet the needs of the community users of the OSC if the private business was able to attract 210,000 annual users from outside Morgan Hill.

The proposal suggests that it will target the market segment for “fitness” will be for premium and competitive sports fitness clients and that the segment will be different than the market for typical family fitness that will be offered at the IRC. This factor is so critical to the success of the IRC that we should not proceed until there is supportable analysis that the private business will not detract from the IRC. We have been advised that the market data is available that can be shared confidentially, and we would need to review it before moving to the next step.

In making this observation we recognize that the IRC will need to be competitive in a market in which private sector alternatives will be offered. Yet, we do not believe it is prudent to enter into a partnership in which we would compete against ourselves.

As a real estate deal, the proposal’s ground lease terms appear to be within “market” for such a transaction. It would result in a modest return of 7% on the assumption of \$15 per sq. ft. of land which appears to be the asking price for nearby commercial land; yet the proposal’s lack of clarity on infrastructure needs and payment of development fees, suggests that the “negotiations” would only lead to a lessening of the City’s return, and require further city funding.

Had we simply looked at the land at the OSC as a real estate development opportunity, we would have more widely marketed the property for any commercial use and evaluated it accordingly; but we wanted something that met three concerns: synergy with OSC, non-compete with IRC, and real estate return to ease the operations and maintenance budget impact. In this example, Council could consider selling the 2.5 acres to a compatible user and apply the funds to an operations and maintenance account for the remainder of the facility.

Why here? It has not been demonstrated that there is enough synergy between the inside and outside programs to benefit the site. CRG’s proposal stands alone as a business arrangement and they have indicated that they are not dependent on the outside areas for their business model. There is no indicator of integrated uses between the indoors and outdoors, but there may be competing uses for parking spaces, field use spaces, coordinated schedules, and impact on concessions for the sport groups. The synergy piece appears to be defined only in terms of programming and these may be viewed as competing activities for the valuable leisure time devoted to sport activities.

PRC has asked that the 10 weekends of use requested by CRG not be included in the lease agreement, rather that there be a rental fee associated with it. It was recognized by the Non-profits that the building footprint of 110,000 sq. ft. impacts the master site program and changes were made to accommodate the building with the understanding that increased benefit would be realized for the outdoor users. CRG indicated that they will provide space for sport group meetings, provide area for sports groups headquarters, provide file/record storage space and be a tournament command center for a reasonable rate to be negotiated. It was intended that shared spaces would be of greater benefit such as in the case of restrooms to offset the program changes made in the master concept plan.

NEXT STEPS

What should happen before we are at a point where we can recommend moving forward to ERN?

1. Marketing data needs to be shared and analyzed
2. Parking requirements of the private business needs to be identified, and capital costs identified
3. Non-profit sports groups need to establish themselves and decide whether they are willing to take on the responsibility for the operations and maintenance of the outdoor field areas
4. Council to determine if a regional draw as a Recreation Destination is compatible with the community function of the OSC
5. A conceptual plan incorporating the private building footprint and the phase one elements with a corresponding budget need to be completed.

CRG pointed out that there are some discrepancies between the phase one plan and the master plan that incorporates a building footprint of 110,000 sq. ft. Staff also noted the discrepancy which will trigger the following requirements that are not incorporated in the phase one \$2.4million budget:

1. New plan would be needed to bring the phase one concept in line with the master plan and proposed building footprint
2. Eliminate the current maintenance yard
3. Offsite permanent improvements
4. Condit Road widening with new right of way lines
5. Improved permanent parking lot

NON-PROFIT YOUTH SPORT GROUPS

CRG met with the non-profit groups to continue work on the non-profit-private-public model. At a meeting on April 27, the group representatives met with city staff and CRG to discuss the proposal and issues raised. Detailed responses to the questions posed by the youth non-profit sport organizations are included as an attachment. It was apparent to staff at this meeting that there was not consensus approval of the proposal as presented by the groups. For example, a list of issues presented by Morgan Hill Pony Baseball with their initial reactions to the proposal is included in the attachment.

There were several follow-up meetings by CRG and the Non-profits which resulted in an optional model design that provides for 100% cost recovery based on their new operational target numbers. Only a few groups were participants in this optional model format so the concept needs to be further developed. From the City staff perspective, we can not vouch for the reasonableness of the maintenance levels or cost estimates. The alternative estimates are included in the packet as an attachment. It is noted that in this optional model there are three partners: City, Private Business and Non-profit groups. The City would be responsible for two supporting positions; Part-time Coordinator to manage the operations and field use schedule and a part-time custodian. The cost to the City is proposed at \$64,000 to be offset by field rental rates of \$2.79/hr.

The need for a comprehensive operations and maintenance model is clear. The PRC has asked to participate in its development. We believe that achieving consensus on the model is essential before

proceeding to the ERN phase, if at all.

SCHEDULE

City's Phase One calls for minimal field improvements. The concept replaces the current soccer use at the site without the private business partner. In order to incorporate a revised Phase One with a building for a commercial recreation business the following steps still need to be completed:

- New concept plan
- Business Agreement
- CEQA documentation and review
- Conditional Use Permit
- Design phase
- City approvals/ Building permits
- Public Bidding phase for public portions of the facility
- Award of contract

Staff believes it will take at least 12 months to get to ground breaking if the project moves forward as a private-public project. Mr. Payne indicated at the Parks and Recreation Commission meeting of May 17, 2005 that CRG has to determine from a business perspective the optimum timeframe for their construction and opening phases. Their preference is to open in July through September with a nine month construction phase. Mr. Payne noted to open next September 2006 they would need to break ground this November.

Under any circumstances, a realistic schedule suggests it would be prudent to extend the CYSA lease for at least an additional 6 months.

INDOOR RECREATION CENTER NON-COMPETE

Questions remain as to how CRG will impact the indoor recreation center in attracting participants, providing for underserved population needs, and program competition between the sites. Staff needs to review the CRG marketing plan to determine the extent of overlap with the IRC.

Following is a comparison of proposed rates at the two facilities:

	IRC	The Coliseum
Daily: Youth/Teen	*\$5/\$7	
Daily: Adult	*\$7/\$9	\$10
Daily: Senior	*\$5/\$7	
Passes: Youth	\$200/\$225	
Passes: Adult	\$428/\$466	
Passes: Senior	\$299/\$328	
Passes: Family	\$620/\$678	
Monthly: Adult	\$35	\$65
Annual Fee		\$125

*Increased from initial study to reflect fees charged at Aquatics Center

COMPLETE SITE PROPOSAL

City Council desired a comprehensive proposal that would incorporate the entire site so the project could move forward. In accepting the Coliseum proposal as a lease of 2.52 acres, the city would be moving forward with the private building portion of the site only, unless the project is put on hold until the non-profit piece can be completed. .

Council's objective of offsetting funding for the operations of the entire site are only offset by \$79,200 the first year, providing a shortfall of \$194,000 based on staff target figure of \$273,000/annually. This would result in an hourly field rental rate of \$7 for the youth sport groups, as compared to the initial \$11.30. The youth sport groups expressed that this was still too steep for their budgets to cover and be expected to support the equipment and supplies contributions as noted for Phase One analysis.

If Council does not desire to wait until the whole site needs are addressed, then Council may want to consider selling the 2.52 acres to a compatible user and place the funds into an operations account to be used for the remainder of the site.

The non-profit operating model is still being fashioned so it is too early to incorporate or to determine impact that it will have on the outdoor spaces. Non-profit groups need to be a stronger partner for this plan to move forward, or a greater level of taxpayer support is needed.